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Canada. Railways Canals and Telegraph Lines,
" Standing Committee on, 1950

(SESSION 1950

HOUSE OF COMMONS

Government
Publications

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES,

MINUTES OF PROCEEDINGS AND EVIDENCE *Land reports*

No. 1

BILL No. 88 (Letter D of the Senate);

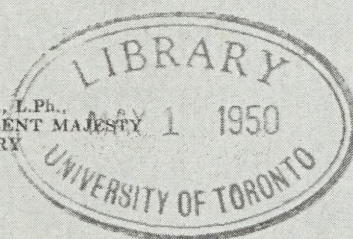
"AN ACT RESPECTING THE PURCHASE BY CANADIAN PACIFIC
RAILWAY COMPANY OF SHARES OF THE CAPITAL STOCK
OF THE SHAWINIGAN FALLS TERMINAL RAILWAY COMPANY".

TUESDAY, APRIL 25, 1950

WITNESS

Mr. L. G. Prevost, K.C., Montreal, P.Q., Solicitor in the Province of Quebec
for the Canadian Pacific Railway.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950



Mr. L. O. Breithaupt, *Chairman*

and

Messrs.

Adamson,
Applewhaite,
Beaudry,
Bertrand,
Bonnier,
Bourget,
Byrne,
Cannon,
Carroll,
Carter,
Chevrier,
Clark,
Darroch,
Decore,
Dewar,
Douglas,
Ferguson,
Follwell,
Garland,
Gauthier (*Portneuf*),

Gibson,
Gillis,
Goode,
Gourd (*Chapleau*),
Green,
Harkness,
Harrison,
Herridge,
Higgins,
Hodgson,
James,
Jones,
Jutras,
Lafontaine,
Lennard,
Maybank,
McCulloch,
McGregor,
McIvor,
Mott,

Murray (*Cariboo*),
Nixon,
Noseworthy,
Pearkes,
Pouliot,
Prudham,
Richard (*St. Maurice-
Lafleche*),
Riley,
Robinson,
Rooney,
Ross (*Hamilton East*),
Shaw,
Smith (*Calgary West*),
Stuart (*Charlotte*),
Thomas,
Thomson,
Ward,
Whiteside,
Wylie—

ANTOINE CHASSE
Clerk of the Committee

ORDERS OF REFERENCE

HOUSE OF COMMONS,
TUESDAY, 28th February, 1950.

Resolved.—That the following members do compose the Standing Committee on Railways, Canals and Telegraph Lines:

Messrs.

Adamson,	Gillis,	McLure,
Beaudry,	Goode,	Murphy,
Bertrand,	Gourd (<i>Chapleau</i>),	Murray (<i>Cariboo</i>),
Black (<i>Cumberland</i>),	Green,	Nixon,
Bonnier,	Harrison,	Noseworthy,
Bourget,	Hartt,	Pouliot,
Breithaupt,	Hatfield,	Richard (<i>St. Maurice-</i>
Cannon,	Healy,	<i>Lafleche</i>),
Carroll,	Herridge,	Riley,
Carter,	Hodgson,	Robinson,
Chevrier,	James,	Rooney,
Clark,	Jutras,	Ross (<i>Hamilton East</i>),
Darroch,	Lafontaine,	Shaw,
Dewar,	Lennard,	Stuart (<i>Charlotte</i>),
Douglas,	Macdonald (<i>Edmonton</i>	Thatcher,
Eudes,	<i>East</i>),	Thomas,
Ferguson,	Maybank,	Thomson,
Follwell,	McCulloch,	Weaver,
Garland,	McGregor,	Whiteside,
Gauthier (<i>Portneuf</i>),	McIvor,	Whitman,
Gibson,		Wylie—60.

(Quorum 20)

Ordered.—That the Standing Committee on Railways, Canals and Telegraph Lines be empowered to examine and enquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon; with power to send for persons, papers and records.

THURSDAY, 16th March, 1950.

Ordered.—That the name of Mr. Ward be substituted for that of Mr. Weaver on the said Committee.

MONDAY, 17th April, 1950.

Order.—That the following bills be referred to the said Committee, viz:—
Bill No. 88 (Letter D of the Senate), intituled: "An Act respecting the purchase by Canadian Pacific Railways of shares of the capital stock of the Shawinigan Falls Terminal Railway Company".

Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Bill No. 9, an Act to incorporate Prairie Transmission Lines, Limited.

STANDING COMMITTEE

FRIDAY, 21st April, 1950.

Ordered.—That the name of Mr. Smith (*Calgary West*), be substituted for that of Mr. Black (*Cumberland*); and

That the name of Mr. Pearkes be substituted for that of Mr. Murphy; and

That the name of Mr. Higgins be substituted for that of Mr. Hatfield; and

That the name of Mr. Harkness be substituted for that of Mr. McLure, on the said Committee.

MONDAY, 24th April, 1950.

Ordered.—That the name of Mr. Jones be substituted for that of Mr. Thatcher; and

That the name of Mr. Applewhaite, be substituted for that of Mr. Eudes; and

That the name of Mr. Byrne be substituted for that of Mr. Hartt; and

That the name of Mr. Mott be substituted for that of Mr. Healy; and

That the name of Mr. Decore be substituted for that of Mr. Macdonald (*Edmonton East*); and

That the name of Mr. Prudham be substituted for that of Mr. Whitman, on the said Committee.

TUESDAY, 25th April, 1950.

Ordered.—That the said Committee be authorized to sit while the House is sitting.

Ordered.—That the said Committee be authorized to print from day to day 750 copies in English and 300 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

Attest

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, ROOM 277,

Tuesday, April 25, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at eleven o'clock a.m. this day. Mr. L. O. Breithaupt, Chairman, presided.

Members present: Messrs. Adamson, Applewhaite, Bertrand, Bonnier, Bourget, Breithaupt, Byrne, Carroll, Carter, Decore, Dewar, Douglas, Ferguson, Gauthier, (*Portneuf*), Goode, Gourd (*Chapleau*), Green, Harkness, Harrison, Herridge, Higgins, Hodgson, Jones, Jutras, Lennard, Maybank, McCulloch, Melvor, Mott, Murray (*Cariboo*), Noseworthy, Pearkes, Prudham, Riley, Rooney, Smith (*Calgary West*), Thomson, Ward, Whiteside, Wylie.

The Committee discussed procedure and details of organization.

Mr. Murray (*Cariboo*) moved:

That the Committee recommend to the House that the quorum of the Committee be reduced from 20 to 12 members.

And the question having been put on the said motion it was resolved in the negative.

On motion of Mr. Gauthier (*Portneuf*):

Resolved,—That the Committee seek permission to sit while the House is sitting.

On motion of Mr. Riley:

Resolved,—That the Committee ask permission to print, from day to day, 750 copies in English and 300 copies in French of its minutes of proceedings and evidence.

The Committee, thereafter, considered the first item on the Orders of the Day, namely:

Bill No. 88 (Letter D of the Senate) intituled: "An Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of the Shawinigan Falls Terminal Railway Company".

In attendance: Mr. Roch Pinard, M.P., sponsor of the said Bill; Mr. Jacques Fortier, legal adviser of the Department of Transport; Mr. Cuthbert Scott, Parliamentary Agent; Mr. L. G. Prevost, K.C., Montreal, P.Q., Solicitor, Province of Quebec, for the Canadian Pacific Railway Company, also Mr. N. C. Norton, Law Department, J. H. Reeder, District Engineer and Mr. H. C. Reid, General Auditor, of the Canadian Pacific Railway Company; Mr. Lionel Côté, K.C., Montreal, Counsel in Quebec for the Canadian National Railway Company.

Mr. Pinard, M.P., addressed the Committee and explained the purpose of the said Bill, and answered various questions of the Committee in respect thereto.

Mr. L. G. Prevost, K.C., was called. The witness was examined and he retired.

STANDING COMMITTEE

The preamble, Section One and the Title of the said Bill was severally adopted and the Bill ordered to be reported without amendment to the House.

Mr. Carroll of the Committee gave notice that at the next meeting he would move reconsideration of the question concerning the quorum.

On motion of Mr. Gauthier (*Portneuf*), the Committee adjourned to meet again at the Call of the Chair.

ANTOINE CHASSÉ,
Clerk of the Committee.

REPORTS TO THE HOUSE

TUESDAY, April 25, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

FIRST REPORT

Your Committee recommends:

1. That it be authorized to sit while the House is sitting;
2. That it be authorized to print from day to day 750 copies in English and 300 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

All of which is respectfully submitted.

L. O. BREITHAUPT,
Chairman.

N.B. The above report was concurred in this day.

TUESDAY, April 25, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

SECOND REPORT

Your Committee has considered Bill No. 88 (Letter D of the Senate) intituled: "An Act respecting the purchase by Canadian Pacific Railway Company of shares of the capital stock of the Shawinigan Falls Terminal Railway Company", and has agreed to report same without amendment.

All of which is respectfully submitted.

L. O. BREITHAUPT,
Chairman.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 25, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, we are ready to proceed with Bill 88 so I will ask Mr. Pinard to explain the bill to us.

Mr. R. PINARD: Mr. Chairman and gentlemen, as sponsor of this bill in the House of Commons I am pleased to represent the Canadian Pacific Railway before this committee. I do not think in view of the nature of this bill that I should go to any great length by way of explanation. The purpose of the bill, as one can read from the explanatory note, is to give authority to the Canadian Pacific Railway to purchase the shares of stock of the Shawinigan Falls Terminal Railway Company. By a provision of the Railway Act the Canadian Pacific Railway is not authorized to purchase shares of stock of another railway company. As I explained to the House on April 14 the purchase is to be made jointly by the Canadian Pacific Railway and the Canadian National Railways. The shares have a par value of \$300,000; and by an agreement between the officials of both railways and the Shawinigan Falls Terminal Railway the purchase price will be \$125,000. The price is to be paid in equal proportions by the Canadian National Railways and the Canadian Pacific Railway, the price being \$62,500 for each company.

Now, the purpose of the bill is also, of course, to allow switching operations to be done by the Canadian National and the Canadian Pacific railways instead of being done in the usual form. In other words, the operation used to be carried out by the Shawinigan Falls Terminal Railway by the use of electrical engines or locomotives that the company possessed. Those electrical engines are today in no condition to be used any more, and it was found by all parties interested that the industries would be better served in the future if these operations could be carried out by means of diesel engines instead of electrical locomotives. As I said before, in order for the Canadian Pacific Railway to be able to carry out these operations, the purpose of the bill is to allow the Canadian Pacific Railway to purchase its proportion of the capital stock of the Shawinigan Falls Terminal Railway.

We have with us today, Mr. Chairman, Mr. L. G. Prevost, K.C., solicitor for the Canadian Pacific Railway in Quebec, and he is accompanied by other officers of the railway company. These gentlemen are here to give whatever explanations might be required by members of the committee. I might also mention, Mr. Chairman, that we have the solicitor for the Canadian National Railways, Mr. Lionel Cote, K.C., and he is accompanied by Mr. Jacques Fortier of the Department of Transport, and all these people are here to give explanations which might be required by members of the committee.

Mr. SMITH: You forgot to mention the length of the line.

Mr. PINARD: It is only one-third of a mile and the purchase is, of course, based on the assets of the company, consisting, as it did before, of four electrical engines that are practically out of order today and also these tracks of the length of one-third of a mile, and also the shops that are adjacent to the lines that are used for the already mentioned operation of switching the cars from the sidings onto the tracks of the Canadian Pacific Railway and the Canadian National Railways.

Mr. SMITH: I desire to mention only two very brief points. I assume that the solicitors for the railway company are quite satisfied with this private bill. I mention that in view of the fact that the explanation begins by saying:

By section 147 of the Railway Act, Chapter 170 of the Revised Statutes of Canada, the employment by a railway company directly or indirectly of its funds in the purchase of shares issued by another railway company is prohibited except as in the said Railway Act or the Special Act (as defined in the Railway Act) otherwise provided.

I may say that I am in favour of this bill, but I am trying to tidy it up if that be necessary. I was wondering if the solicitors for the company are satisfied with this private bill without an amendment of the prohibition in the general Railway Act. I take it they are satisfied or they would not be here.

There is another thought that occurs to me—I am not going to move any amendment—but I wondered if the people who are responsible for the bill would not care to add, after paragraph 1, the purchase price which has been given to us by Mr. Pinard. In other words, we are authorizing the use of Canadian Pacific Railway money; we do not need to do that with the C.N.R. because I understand under their Act they do not require it—the amount of the purchase should be herein set out. I only mention that because of criticism that any or all of us may receive that we made it possible for a larger payment or something of that kind, an out of the way payment. I am not moving an amendment; but I am suggesting to those in charge of the bill that probably they would like such an amendment to be in the Act itself, indicating a limitation on the purchase price and setting it out clearly in the Act so that nobody could come back at some future day and say that this committee gave the Canadian Pacific Railway, which some people call an octopus—I do not think so because I have got a good deal of my living from it in the last thirty years—but some people might say that we had given this huge concern the opportunity of paying a large sum and then question as to where the money went and that sort of thing. However, I am not moving an amendment; I am only suggesting to the sponsors that they might prefer to have the sum put in here which was stated by Mr. Pinard a moment ago.

Mr. PINARD: I may say that there is already a firm undertaking that the price would not exceed \$125,000, and, in fact, there has been an agreement between the parties concerned with the operation that the amount would be an equal payment of \$62,500 from each company. I do not appreciate the suggestion made by Mr. Smith, but I do think it might add to the bill something which is not possibly indispensable the amount of the purchase being mentioned in the bill would not possibly change anything in the principle that the Canadian Pacific Railway is simply asking power which it does not possess under the Railway Act. I appreciate the suggestion made by Mr. Smith to the effect that an amendment could possibly be suggested to the Railway Act which would have the result of having this prohibition repealed because now in view of the fact of the existence of the Board of Transport Commissioners I see no necessity today for this prohibition remaining in the Railway Act. I would think it would be a good move if parliament would on the next occasion see to it that an amendment is made to the Railway Act whereby this prohibition would be removed.

Mr. GOODE: When the sponsor mentioned a third of a mile I expected some type of shuttle railway. I do not know what the Shawinigan Falls Terminal Railway is. Would you mind explaining to a man from the west who knows nothing about the matter, what the purpose of this railway is and who owns it?

The CHAIRMAN: Is it your wish that Mr. Prevost should come forward and be heard?

Mr. PINARD: Yes.

Mr. L. G. Prevost, K.C. (Solicitor for the Canadian Pacific Railway, Quebec Province) called.

The WITNESS: Mr. Chairman, for the benefit of the western members I say that Shawinigan Falls is one of our principal industrial towns in the province of Quebec. The town was founded some seventy-five years ago and the progress of the town was no doubt due to the development of the falls at Shawinigan, with the result that industries have been established in that town ever since the development of the falls around 1890.

The first railway built into Shawinigan Falls was the Great Northern Railway Company. That would be around 1895. From that time on until, say, 1902, the Great Northern Railway Company was performing its own switching services in Shawinigan Falls. There were only a few industries there at that time but they have grown quite quickly; and in 1902 the Shawinigan Water and Power Company saw that it had the opportunity to use its surplus electrical energy and suggested that it might operate an electric railway to perform all of the switching operations within the limits of the town of Shawinigan Falls. There was in 1902 an application made to the province of Quebec for the incorporation of the Shawinigan Falls Terminal Railway Company. They got their charter and they were allowed to operate the railway by means of electricity and other power, and immediately the Terminal Company entered into an agreement with the Great Northern Railway Company to perform all their switching operations in the town of Shawinigan Falls.

In 1905 or 1906 the St. Maurice Valley Railway Company was incorporated—around that date—at the suggestion of the Canadian Pacific Railway Company to operate a railway from Trois Rivières northwards to Shawinigan Falls and then to Grand' Mere, roughly a distance of forty miles. The railway was built and soon after completion of the railway an agreement was made between the Terminal Company and the St. Maurice Valley Railway Company for the performing of all switching operations by that railway. So that the situation stood as follows after the agreement: the Terminal Company had an agreement with the Great Northern for the performance of their own switching and then they had an agreement also with the St. Maurice Valley Railway Company, a subsidiary of the Canadian Pacific Railway, to perform their switching operations.

It was found economical that the company should make an agreement with both companies so they could perform all the switching operations in order to save time and trouble and expense. The committee will understand that it is much easier for a terminal company to perform all the switching operations within the limits of the municipality such as is being done in New York, Chicago and I believe in Detroit, where they have terminal railway companies which perform all the services.

The result is that you do not have two engines working at the same on the same track—

Mr. SMITH: That is always inconvenient.

The WITNESS: —which is always an inconvenience. So that ever since the situation has existed in Shawinigan Falls—and I may say that the service was practically performed at cost by the Terminal Railway Company for the two railway companies—the Shawinigan Water and Power Company just drew a small management fee, a very nominal dividend, and all the cost of the switchings was divided equally between the railways on a cost basis.

Around 1940, I believe it was, for the first time Shawinigan Water and Power Company suggested that the railways should take over this Terminal Company because they had other activities which engaged most of their time and attention and they would have been glad to hand over the whole railway to the two companies.

Well, during the war, and for other reasons, the negotiations were protracted until we finally reached an agreement in the course of the last year. Under this agreement the Canadian National and the Canadian Pacific agreed with the Shawinigan Water and Power Company to purchase the stock of the Terminal Railway Company of 3,000 shares at a total cost of \$125,000, and the purchase price is to be divided equally between the two railway companies, and there will not be any change in the situation in as far as the switching services are concerned: the railway companies will continue to hand over their cars to the Terminal Company and the same charge will probably be made except that there might be a small economy to the industries concerned.

Now, at the present time there are four electrical locomotives which are performing this service. One of those locomotives is about forty years old. I think it can haul about four or five cars. The other locomotive is a little bit more recent but it is also of ancient vintage. Two other locomotives have been bought in the last twenty years second-hand and they are getting old also. The fact is that all of these locomotives will have to be scrapped, and from now on, after the purchase is completed and is authorized by parliament, we will have two diesel locomotives which will be very powerful and which will replace with great advantage to the railways and the industries and all concerned those four old locomotives.

Now, this is precisely the reason why our two railways are taking over the Terminal Company. Those two diesel locomotives will cost over \$200,000—I will say \$230,000 for the two of them. The Shawinigan Water and Power Company is not prepared to advance that money to a terminal company. They have been desirous of getting out of the railway business and they would like us to take it over, and it will be in their interest and in our interest and in the interest of industry and in the interest of all concerned if we do so.

Now, Mr. Chairman, I shall be pleased to answer any questions that might be asked by members of the committee.

Mr. CARROLL: This railroad was a subsidiary of the Shawinigan Falls Power Company, was it?

The WITNESS: The Shawinigan Water and Power Company.

Mr. CARROLL: And did the Shawinigan Water and Power Company own shares in this?

The WITNESS: 3,000 odd shares, the entire issue of stock.

Mr. CARROLL: And as a result of this bill, if it becomes law, the Canadian Pacific Railway will own this company outright, will it?

The WITNESS: No, sir, only one-half, 1,500 shares, and the Canadian National will own 1,500 shares.

Mr. CARROLL: That does not appear in the bill?

The WITNESS: No, it does not.

Mr. CARROLL: The two companies will own this railway between them?

Mr. HODGSON: What is the value of the shares?

The WITNESS: The par value will be \$300,000. The two railways are acquiring those 3,000 shares for a total sum of \$125,000 and the cost would approximately be \$42 per share.

Mr. HODGSON: And you are getting a third of a mile of railway?

The WITNESS: Yes.

Mr. HODGSON: And you get three defunct engines for \$125,000?

The WITNESS: I was going to give—

Mr. SMITH: You are also getting the franchise to operate?

The WITNESS: Yes, that is right, and we are estimating that the four locomotives—I said that two of them would be scrapped—those locomotives at present depreciated value are worth \$80,772 in the estimation of the engineers of the Canadian Pacific and the Canadian National railways and the Shawinigan company. That is their present depreciated value.

Mr. GOODE: What are the total assets of this railway not counting the two locomotives? What do you consider the book assets of the railway as it stands?

The WITNESS: I was mentioning the two locomotives at \$80,772. Now, there are the tracks and the shops and of course the work done on the right of way is estimated at \$340,000, which gives a total value of \$420,772. Now, there are bills payable. It is not possible for me to give the exact amount outstanding at the present time, but about a year ago it was roughly \$60,000 of bills payable that will have to be taken care of; and in addition to that there will be an expenditure of \$320,000 for the purchase of two diesel engines. We are getting \$420,000 worth of property for \$125,000.

Mr. LENNARD: Plus \$60,000 of outstanding debts.

The WITNESS: That is right.

Mr. LENNARD: That is a little more.

The WITNESS: Yes, that is a little more; but we figure we are all making a good deal; we are getting for \$125,000 our full value.

Mr. LENNARD: That is all right so long as we have everything. These new diesel engines will be purchased afterwards?

The WITNESS: Yes.

Mr. ROONEY: What is the reason for the Canadian National Railways acquiring this? Of what benefit is it to them? Why should they go into more expense at the time when we are trying to have the Canadian National Railways find their own level?

The WITNESS: Well, sir, it is estimated there will be some saving which will be to the interest of the Canadian National as well as the Canadian Pacific—a saving in cost of operation. You must realize, sir, that a diesel motor can handle twenty or twenty-five cars in a batch, loaded cars, as compared with five or six cars that an electric engine can haul at the present time. You can realize, sir, the amount of time that you are saving by using diesel power.

Mr. ROONEY: You think it would be an advantage to the Canadian National Railways?

The WITNESS: Yes, it will be an advantage to them. They will be saving expenditures. They will have the benefit of the savings because they will control one-half of the capital stock.

Mr. HIGGINS: Has the C.P.R. any interest in the Shawinigan Water and Power Company?

The WITNESS: None at all, sir.

Mr. HIGGINS: None of any kind.

Mr. FERGUSON: Apart from the \$60,000 and the \$125,000 for the stock, are there any other items that will have to be assumed or be paid when the stock is taken over by these two companies?

The WITNESS: I do not think so, sir.

Mr. FERGUSON: Are you positive about it?

The WITNESS: Well, sir, according to my instructions—and naturally I have to speak according to the information which has been placed in my hands—I can make a definite statement that there will be nothing else.

Mr. FERGUSON: I want to see what both companies are going to pay. There is \$60,000 and \$125,000. Assuming those debts, those are, I believe, paid before they actually assume control?

The WITNESS: Right, sir.

Mr. MURRAY: Might I ask if this is a plan which the two companies intend to expand? Are we setting a precedent here?

The WITNESS: I do not think so. I have not heard a suggestion that other terminals should be jointly operated. This is the only one that we are considering at the present time in Canada as a joint switching terminal and, as I say, this has been a joint switching terminal for forty-five years.

Mr. MURRAY: I might point out that at Vancouver the same situation exists—a great duplicating of effort along the water-front—and in the terminal there are the Canadian National and the Canadian Pacific and now the Pacific Great Eastern is coming into the picture. Could that not be applied to Vancouver and save a great deal of overhead?

The WITNESS: As solicitor for the province of Quebec I must admit that I am not competent to answer your question, because I have been in Vancouver only three or four times.

Mr. MURRAY: I understood that you represented the Canadian Pacific Railway.

The WITNESS: Yes, in Quebec.

Mr. MURRAY: They are an important factor in British Columbia.

The WITNESS: I am sure of that.

Mr. HODGSON: Would you object to having the amount incorporated in the bill?

The WITNESS: My difficulty is that this bill in its present form has been approved by the officials of the Canadian National Railways, the Shawinigan Water and Power Company and the Canadian Pacific and the Terminal Company, and I could not take upon myself to consent to that. If it is the desire of the committee I am entirely in the hands of the committee, but I believe that no useful purpose would be served by doing so unless there is some special reason.

Mr. HODGSON: I am wondering if we are setting a precedent, and more than that I would like to see these amounts marked in the bill.

Mr. PINARD: In view of the fact the statement has been made that we are giving the assurance that there is an undertaking that the amount of the purchase is limited to that amount I would believe that it would not serve any practical purpose to include that in the bill. Of course, I am again in the hands of the committee. If the committee feels that the purchase price should be mentioned that is all right, but I do not think that in view of the assurance that has been given that the price is limited to the amount of \$125,000 to be divided equally between the two companies—I think that should be sufficient.

Mr. HODGSON: That is only a verbal arrangement. I do not see anything on paper to that effect.

Mr. PINARD: I think the agreement in writing will, of course, follow. When the bill is passed and we have the power to acquire the shares of course agreements will be signed accordingly. There are the resolutions of the boards of directors of both companies authorizing the purchase at that price. That is why I say that there is an undertaking that the amount is limited to the price already

mentioned. There are resolutions of both the boards of directors of the Shawinigan Terminal Company and the Canadian Pacific Railway and the Canadian National Railways. As far as the Canadian National Railways are concerned this is done, I hear, by order in council, because by virtue of the Canadian National Railways Act this company has the power to acquire stock of another railway company and this is generally done by an order in council.

Mr. SMITH: The Canadian National Railways was formed on that principle.

Mr. PINARD: That is right.

Mr. HIGGINS: I wonder what would happen to this company if the C.N.R. and the C.P.R. did not take it over? Would it continue to operate or not?

The WITNESS: It would operate for some time in its present unsatisfactory condition. They would keep on repairing these locomotives with their natural attendant delay and inconvenience to the industries and there would be a loss for industry and the railway.

Mr. SMITH: You mention the Great Northern Railway; are they in there?

The WITNESS: It is now part of the Canadian National Railways.

Mr. ROONEY: There is this \$125,000 which the Canadian Pacific and the Canadian National pay, but you are limiting that to the purchase of stock, and you do not know how much more liabilities we are assuming. There is \$60,000. We are not limited to that; we are only tied to the amount of the purchase of the stock.

The WITNESS: As I said before, our only commitments at the present time, our only agreement with the Canadian National Railways, is to take care of these outstanding bills and, of course, they are being checked at the present time. I must say that we have reached a definite agreement subject to the approval of parliament, and we are following the operations of that railway closely, so I know at the present time that there is no more than \$60,000 to take care of, and we know we will have to make advances of \$230,000 to purchase these two diesel engines. There will be some salvage. Of the four locomotives two of them will be scrapped and naturally they will bring very little, but the other two engines can be disposed of. In addition to this trackage of one-third of a mile I should say there is also a trackage on the main siding of a quarter of a mile, and in addition there is what we call catenary: that is the overhead wires which serve the operation of the electric railway at the present time. This will be discarded and disposed of so there will be some salvage from the catenary and also from these two locomotives. How it will balance it is hard to say at the present time—how much we will be able to get in the market for these things which will be discarded—but I should say at the present time there are over sixty sidings which are being switched by the terminal company at Shawinigan. There is considerable switching operation.

Mr. HODGSON: Do you think that this will be a paying proposition?

The WITNESS: Well, sir, the idea is to make savings. I do not believe you could express it as a paying operation, but we will be saving money. No large dividends are expected from these operations because the switching is going to be performed at cost. That is to say, at the end of the year we know how much the switching is costing, and the two railways divide the cost between them.

Mr. HARRISON: What has been the experience of the Terminal Company at Shawinigan in respect to profits? Have they had profits?

The WITNESS: By agreement with the railways, sir, the Shawinigan Water and Power Company which held all the 3,000 shares received a dividend of \$300 a year and a management fee of \$8,000. That is to say, they had to look after a

lot of maintenance and they had to do a lot of work for their Terminal Company which only had a small staff. The entire cost was divided between the two railways. All they got was this fee for those services and \$300 per year dividend.

Mr. HARRISON: They are purchasing 1,500 shares. Have the other 1,500 shares been issued?

The WITNESS: They are all issued.

Mr. HARRISON: Will the Shawinigan Water and Power Company obtain 1,500 shares?

The WITNESS: No, sir, the 3,000 shares are going to be divided equally between the Canadian National and the Canadian Pacific railways.

Mr. JONES: Could we get information as to who owns the main artery to the Terminal Company, leading to and from the Terminal Company?

The WITNESS: Each company has its own main line into Shawinigan connecting with the Shawinigan terminal tracks.

Mr. HIGGINS: I take it there are no other prospective purchases?

The WITNESS: I do not think so.

Mr. HIGGINS: This is not the market price, this is merely the price agreed upon?

The WITNESS: Yes.

Mr. WARD: Mr. Chairman, being a layman perhaps I should fear to tread in the realm of railroads. It seems to me we have discussed this matter at some length. There is an anomaly that occurred to me and it is that one-third of a mile of railway and whatever the conditions may be in the way of shops—for a little bit of railway like that to have a capitalization value of \$460,000 seems a lot of money, but I think we can safely leave it to the railway companies themselves to determine whether it is a good value. Our experience with the Canadian Pacific and also with the Canadian National is that they are pretty shrewd people in administering railway lines. I do not want to be impudent, but it does seem to me that quite a lot of discussion has taken place. Surely we can come to a finality of decision as to whether we are going to pass this charter or not. This does seem to me to be a lot of money, the sums of \$125,000 and \$460,000. The value may be there. If the railway companies think it is, all right. I think the committee should pass it and get along with other business.

Mr. ADAMSON: A third of a mile of track is written into the books at \$340,000. It seems to me, Mr. Chairman, that \$340,000 is a very expensive third of a mile of track. At that rate a mile of track would cost well over \$1,000,000. Could we have a statement as to how that figure was arrived at?

The WITNESS: Sir, I thought I had explained that to the committee, but maybe my voice did not go that far.

Mr. SMITH: Perhaps the member had not carried himself this far.

The WITNESS: To sum it all up, I said we are acquiring one-third of a mile of main track, one-quarter—practically one-half of a mile, I want to correct myself, of main line siding—I have got the exact figure here which has been handed over to me by one of our engineers. The exact mileage of main line is 0.4. The side tracks are more than I thought. They have included all the trackage that is owned by the subsidiary, trackage owned by the Terminal Company. It is two miles. That includes a long main siding and other tracks.

Mr. HODGSON: As I understand it, the sidings into the different industrial companies are owned by themselves?

The WITNESS: Right.

Mr. HODGSON: Now, is the steel owned by the company or the railway company?

The WITNESS: In most cases we own the steel and the rest is owned by the industries.

Mr. HODGSON: That is the general rule?

The WITNESS: That is right, sir. Now, there are six miles of electrification, and the Terminal Company owns, as I said before, the catenary, the overhead wires which are used to operate the railway—six miles of which 3·6 miles are on the C.N.R. and on the C.P.R. That is for the trackage in the catenary wires. In addition to that we are acquiring shops—they are small shops, if you like—but we have estimated these shops—

Mr. ADAMSON: This is the first time you have mentioned the shops.

The WITNESS: I did mention the shops before.

Mr. J. H. REEDER (District Engineer, C.P.R.): The total buildings were shown at depreciated value of \$85,789.

Mr. SMITH: Mr. Chairman, I am very much in favour of the bill, but this point that is bothering some of us could be handled so easily by simply adding to the end of clause 1: for a sum not to exceed \$125,000—make it \$130,000—because I do not want, as I say, to be told at some future time that we members of the House of Commons were dumb enough to give a blank cheque. Now, I will not move an amendment, but I am suggesting it seriously to the two railway companies who have assured us that the sum is \$125,000. Now, if they mean what they say, and I agree that they do—do not misunderstand me, I am not doubting anybody's word—why won't they add those few words at the end of clause 1 of their own volition and not have us vote on it? If they do that I think all our difficulties would be solved and certainly I would vote in favour of reporting the bill. I will do so anyway, but I am putting out this suggestion.

The WITNESS: I have no instructions on that matter. That is my difficulty; I am entirely in the hands of the committee.

Mr. SMITH: Could you get them on the telephone in a few minutes?

The WITNESS: Mr. Smith, I cannot consent, and I do not believe Mr. Cote of the Canadian National Railways has any instructions.

Mr. COTE: No.

Mr. HODGSON: Why not leave this for the next sitting and probably you will have some instructions then?

The CHAIRMAN: As a matter of fact, gentlemen, I do not think it is a matter of great importance. We are asked only to pass on allowing the C.P.R. to enter into this deal. While I have allowed a good deal of discussion as to price, I do not think it concerns the committee at all.

Mr. APPLEWHAITE: I was taken with the opening remarks, and I would like to ask if the following words should not have been in the bill as the opening words of section 1: notwithstanding anything contained in the Railway Act. I do not set myself up as an expert, but I understand that when a special Act is passed affecting or altering the provisions of a general Act, it is the usual practice that that should be in. Perhaps the company will tell us why it is not.

The WITNESS: Sir, I may say that the idea was to make the bill as short and to the point as possible. I do not see any objection to the words being inserted in the bill, as I understand it has been done before. Whether it is necessary or not I do not know. The bill has been passed upon by the law officers of the Senate and of the House of Commons and studied by the Department of Transport, and they have all agreed that this was the proper wording under the circumstances. So I would not like to say anything which might reflect upon the opinion of those law officers. Personally I think the bill is satisfactory and this will confer upon us sufficient power to reach the purposes we have in mind.

Mr. SMITH: As a solicitor, you think there is something in what Mr. Applewhaite said?

Mr. HIGGINS: Would the witness say what the annual operation deficit is likely to be?

The WITNESS: There would be no operating deficit. The railways are going to share the expense of operating.

Mr. HIGGINS: I assume it will be broken down in some way; you are not going to make a profit on it, you know.

The WITNESS: No, we are not going to make a profit on it in the operation because you appreciate, sir, that there is no charge made to the industries for the switching of their cars. We expect to save a little money.

The CHAIRMAN: Gentlemen, we have had a pretty good discussion and Mr. Prevost has been very fine about answering our questions, and if there are no other questions at this time would you be ready to consider the bill?

Shall the preamble carry?

Carried.

Shall clause 1 carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Mr. CARROLL: Mr. Chairman, I have had a good deal to do with this committee in the past and I always thought that the committee was entirely too large. It was large in the old days because it took up most of the time of the members of the House of Commons in connection with railway matters. There was a continuous fight between the old Canadian Northern and the C.P.R. and the C.N.R. and so on and so forth. Now, as a matter, I did not vote on the motion that was made earlier to reduce the quorum. I did not put up my hand on either case on this question of reducing the quorum, but I would like to give notice of a motion to be introduced at the next meeting of this committee to the effect that the quorum of this committee be reduced from twenty to twelve.

Mr. HODGSON: You are out of order. That vote has already been taken.

The CHAIRMAN: I understand that is your privilege. The matter can be considered at the next meeting.

—The committee adjourned.

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*Canada Railways, Canals and Telegraph Lines,
Standing Committee, 1950*

(SESSION 1950
HOUSE OF COMMONS

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STANDING COMMITTEE

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ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL NO. 7—AN ACT TO INCORPORATE
ALBERTA NATURAL GAS COMPANY

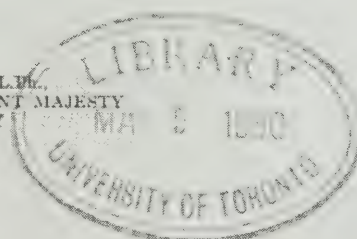
WEDNESDAY, APRIL 26, 1950.

WITNESSES:

Mr. John J. Connolly, K.C., Parliamentary Agent, on behalf of Alberta
Natural Gas Company;

Mr. A. F. Dixon, President, Alberta Natural Gas Company.

OTTAWA
EDMOND CLOUTIER, C.M.G.; B.A., LL.B.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950





MINUTES OF PROCEEDINGS

WEDNESDAY, April 26, 1950

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock. The Chairman, Mr. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bonnier, Breithaupt, Byrne, Cannon, Carroll, Carter, Darroch, Decore, Dewar, Ferguson, Gauthier (*Portneuf*), Goode, Gourd (*Chapleau*), Green, Harkness, Harrison, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy, Pearkes, Pouliot, Riley, Rooney, Smith (*Calgary West*), Stuart (*Charlotte*), Thomson, Ward, Whiteside, Wylie.

In attendance: Mr. John J. Connolly, K.C., Parliamentary Agent for the Petitioners, and Mr. A. F. Dixon, President, Alberta Natural Gas Company.

The Committee considered Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. John J. Connolly, K.C., appeared on behalf of the petitioners. He read a submission to the Committee upon which he was questioned at length.

At 1.00 o'clock p.m., on motion of Mr. Maybank, the Committee adjourned to sit again at 4.00 p.m.

AFTERNOON SITTING

The Committee resumed at 4.00 p.m. The Chairman, Mr. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bonnier, Bourget, Breithaupt, Byrne, Carroll, Carter, Darroch, Decore, Dewar, Ferguson, Garland, Gauthier (*Portneuf*), Goode, Gourd (*Chapleau*), Green, Harkness, Harrison, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy, Pearkes, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Robinson, Rooney, Smith (*Calgary West*), Stuart (*Charlotte*), Thomson, Ward, Whiteside, Wylie.

In attendance: The same as indicated for the morning session.

The Committee resumed the adjourned study of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. John J. Connolly, K.C., was recalled. A short while after the witness was on the stand Mr. Murray (*Cariboo*) moved:

That Mr. Connolly's examination be suspended and that Mr. A. F. Dixon be called immediately.

After some discussion and the question having been put on the said motion of Mr. Murray, it was resolved in the affirmative on the following recorded vote:

Yeas: Applewhaite, Bonnier, Byrne, Carroll, Carter, Darroch, Decore, Dewar, Garland, Gauthier, (*Portneuf*), Gourd, (*Chapleau*), Harrison, James, Jutras, Lafontaine, McCulloch, McIvor, Mott, Murray (*Cariboo*), Nixon, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Rooney, Stuart (*Charlotte*), Thomson, Ward, Whiteside.—28.

Nays: Adamson, Ferguson, Goode, Green, Harkness, Herridge, Higgins, Hodgson, Jones, Lennard, McGregor, Noseworthy, Pearkes, Smith (*Calgary West*).—14.

Mr. A. F. Dixon, President, Alberta Natural Gas Company was called. The witness was examined at length.

At 6.00 o'clock p.m., on motion of Mr. Mott, the Committee adjourned to meet on Wednesday, April 28, at 11.00 o'clock a.m.

ANTOINE CHASSÉ,

Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,
April 26, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11.00 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, will you kindly come to order? We have a quorum, and for the benefit of those who get to these meetings on time, I think we should start as nearly to the time indicated as possible, so we will proceed now with the consideration of bill No. 7, an Act to incorporate Alberta Natural Gas Company.

Mr. LENNARD: Are there copies of the bill available?

The CHAIRMAN: Yes. I thought the copies had been distributed. I am sorry there has been a delay in receiving the bill. I suppose we had better wait until each member has a copy, although I guess we are all pretty familiar with the bill. What is your wish? Shall we proceed?

Mr. MAYBANK: Mr. Chairman, I am sponsoring the bill. I am just going to direct your attention to Mr. Connolly, the agent for the applicants. He and the applicants, or representatives of them, are going to give general evidence in support of their application. It may be that we do not need to have copies of the bills for that purpose.

The CHAIRMAN: We have copies of the bills now.

As sponsor of the bill, Mr. Maybank, do you wish to say anything further?

Mr. MAYBANK: No, there is nothing to say excepting this, that Mr. Connolly is parliamentary agent for the applicants and he is present with a couple of witnesses. If you would call on him to give the committee such information as the committee wants, I think that is all that I need to do.

The CHAIRMAN: I think that is quite in order. We will therefore call on Mr. Connolly to come forward and give an explanation and an outline of the general principles of the bill.

Mr. John J. Connolly, K.C., Counsel for the Petitioner, called:

The WITNESS: Mr. Chairman and gentlemen, on behalf of the applicant for the incorporation of this company, I am instructed to make a statement, a general statement on their behalf in opening. Now, Mr. Chairman, I have that statement in mimeographed form and I thought it might be convenient for the members of the committee if all of them had a copy of it, and if I read it after it has been distributed. If that is satisfactory, I shall be very glad to make these copies available.

The CHAIRMAN: I think that would be a very good procedure, and I suggest that that be done.

Mr. MAYBANK: Mr. Chairman, I happen to know that Mr. Connolly was evidently on the wrong side of the street and he had his leg injured the night before last. It might be that the right thing to do is to suggest to him to sit down while he is talking. And I might admonish him to keep on the right side of the street.

The WITNESS: You are very kind. I think I would prefer to stand. My injury is not as bad as that. Perhaps I would like to have a better witness than my friend here when the time comes to decide who is responsible for the accident.

Mr. MAYBANK: In this committee we can get a lot of witnesses for you.

The WITNESS: Maybe I need a good lawyer.

Mr. SMITH: Witnesses are more important.

Mr. MAYBANK: I think so, Mr. Smith.

The CHAIRMAN: Gentlemen, if you all have copies I will ask Mr. Connolly to proceed.

The WITNESS:

Re: ALBERTA NATURAL GAS COMPANY

Introduction

This memorandum is submitted on behalf of the petitioners for the incorporation of Alberta Natural Gas Company.

The petition for incorporation was submitted pursuant to the requirements of The Pipe Lines Act, a public statute passed in April, 1949, by the parliament of Canada for the purpose of establishing control over and regulation of the construction and operation of inter-provincial and international pipe lines designed to transport oil or gas.

The provisions of the proposed bill are identical with those of similar bills already passed by parliament and are in accordance with standard form approved by the law officers of the Crown.

The granting of this charter will establish the necessary status to enable the applicants to apply to the Board of Transport Commissioners for a license authorizing the construction of a pipe line. The Board of Transport Commissioners has wide authority and responsibility under "The Pipe Lines Act" to scrutinize carefully and in detail all applications for a licence and the passing of this bill does not in any way determine whether a licence to construct will or will not be granted.

The Project

It is proposed to gather natural gas throughout the province of Alberta and, after supplying the actual consumers of that province who can be reached economically and allowing for the potential requirements of those areas, to transport such surplus gas as may then remain available to the Pacific coast to serve first the maximum number of consumers in British Columbia who can be reached economically and, secondly, with such gas as remains available to serve consumers in the United States Pacific northwest. It is necessary to include the United States market because the limited market available in Canada would not in itself support the cost of a pipe line from any of the known Canadian natural gas fields to Vancouver.

The plan is to transport natural gas from the province of Alberta by use of a 24-inch outside diameter main line operating at a working pressure of 750 pounds per square inch gauge. It is estimated that the total annual sales of gas will be approximately 75,000,000,000 cubic feet, being a daily average of approximately 205,000,000 cubic feet.

The proposed company will be closely associated with Alberta Natural Gas Grid Limited, an Alberta company, incorporated for the purpose of operating a natural gas gathering and wholesaling grid system in that province.

It is the considered opinion of the petitioners that a comprehensive grid pipe line system should be constructed in Alberta to provide at all times for the present and future needs of the province. The purpose of such a grid system would be to connect important gas pools in the province which are not now connected and to add such new pools as may be developed from time to time. This will provide a flexible distribution system to serve the maximum possible number of consumers in the province of Alberta and to provide a source of supply of gas for export, east or west, based on the over-all production of the province.

Individuals Associated with the Project

This project was initiated by the firm of Brokaw, Dixon & McKee of Houston, Texas and New York, engineers and geologists, following several years intensive study of the natural gas potentialities of Alberta and various studies of prospective markets where surplus gas might be utilized. This firm was a pioneer in the development of the long distance natural gas transmission industry in the United States. It was associated with the establishment of such major gas pipe line systems as United Gas Pipe Line Company, Panhandle Eastern Pipe Line Company, Tennessee Gas Transmission Company and El Paso Natural Gas Company, four of the largest pipe line systems in the world.

In addition to the firm's own research, the assistance of outstanding geologists and engineers has been enlisted in the development of this project. These include S. E. Slipper and T. A. Link, both of Calgary, and W. E. Spooner of Shreveport, Louisiana. The engineering firm of Swinerton & Walberg of San Francisco, California, together with their associates, Hadcock-Engineers, Limited, and Pacific Pipeline & Engineers, Limited, have assisted in the survey of routes and costs over a two year period. No more competent or more experienced technical assistance than has been provided could be obtained anywhere.

A strong group of responsible banking firms in Canada and the United States, headed by Morgan Stanley & Company of New York City, are prepared to arrange for financing in an amount sufficient to pay for the construction of the entire pipe line system. Canadian investment bankers who have agreed to be associated with the financing are: A. E. Ames & Company, Limited; James Richardson & Sons; Tanner & Company; and Greenshields & Company.

And I may say I have letters from these various firms indicating that consent.

Various Canadian firms have agreed to act in different capacities. They include the Royal Trust Company and Lloyd's Register of Shipping, Montreal. Dominion Bridge Company, Limited has agreed to fabricate the large diameter pipe, using plate supplied by Canadian mills. It is expected that the smaller diameter pipe will be supplied by Page-Hersey Tube Company, Welland, Ontario.

All preliminary expenses, prior to the time that construction is finally authorized, are being met by the group seeking the incorporation, who have, in addition to services rendered by themselves, expended up to the present upwards of \$350,000.00 for engineering, geological and market surveys and other incidental expenses. No securities have been or will be sold to the general public until such time as construction is finally authorized.

Cost of Project

It is estimated that the whole project will necessitate the construction of approximately 1,700 miles of pipe line and will cost from \$100 million to \$125 million.

Of this amount, it is estimated that the grid system, to be constructed wholly in Alberta, will cost in excess of \$25 million and will necessitate construction of upwards of 650 miles of pipe line.

It is estimated that the company's main transport line will extend approximately 1,000 miles from Alberta to the Pacific coast and will cost, depending upon the route approved by the Board of Transport Commissioners, between \$65 million and \$85 million.

Routes

Haddock-Engineers, Limited and Pacific Pipeline & Engineers, Limited engaged as independent engineers for the project, have reported:

After two summers of field reconnaissance and aerial surveys on all practical routes between Alberta and the Pacific coast, five routes have finally been considered.

Of the five routes surveyed, one runs through Canadian territory in its entirety from Alberta until it reaches Vancouver.

Three of the routes run back and forth across the international boundary to avoid difficult terrain.

The fifth possible route for considerable part of its course runs through the United States.

Mr. Dixon is available to supply information on these routes, their costs and other data relevant thereto.

Matters touching engineering, terrain, cost of construction and maintenance of the line, the possibility of maintaining a continuous supply to consumers, markets, the price of gas to industrial, commercial and household users, are all matters which the Board of Transport Commissioners must consider before any order is made approving a route. The evidence to be adduced will be very voluminous and will receive careful and thorough consideration at the hands of the Board of Transport Commissioners.

The applicants for incorporation are prepared, if authorized by the Board of Transport Commissioners, to build the first described route, which runs through Canada in its entirety to Vancouver. They are also prepared to build along any route which, after full consideration of all the facts, may be deemed to be in the best interest of Canada as declared by the Board.

Natural Gas Supply

Contracts for natural gas have been entered into with the following:

Shell Oil Company of Canada, Limited
California Standard Natural Gas Company
(an Alberta corporation)

A contract is under negotiation with Gulf Oil Company of Canada, Limited for additional gas. Gas will be taken from other producers to the extent that the Alberta Conservation Board may determine.

The proven natural gas reserves of these suppliers are more than sufficient to meet the entire natural gas requirements of the applicant. The only gas that will be transported out of Canada will be that which is surplus to the need of Canadians.

Markets

By working through a grid system for gathering gas throughout Alberta, the proposed pipe line will insure at all times adequate supplies to existing consumers in Alberta and will make natural gas available to a substantial number of Albertans not now being served. The proposed system will also supply gas to Trail, Kimberley, Cranbrook and other accessible Southern British Columbia communities as well as Vancouver, New Westminster and adjacent municipalities and Chilliwack and other communities of the Fraser Valley. At Trail and Kimberley the line will serve the important plants of Consolidated Mining and Smelting Company of Canada, Limited, as well as other users. Thus, the proposed system will supply more natural gas to more users in Alberta and British Columbia than any other proposed gas pipe line system.

It is generally agreed, however, that no pipe line project to the Pacific coast is economically feasible if only Canadian points are served. To make a project economically possible necessitates the serving of users in the American northwest. It is therefore proposed that such surplus gas as may be available after serving Canadian needs shall be marketed in that area.

The foregoing information is submitted by the undersigned on behalf of the petitioners for incorporation of a company to be known as Alberta Natural Gas Company.

Dated at Ottawa this 17th day of April, 1950.

John J. Connolly,
Counsel for the Petitioner.

The CHAIRMAN: The statement has been read by Mr. Connolly. Is it your wish that he be examined on his statement at this time, or do you wish to hear Mr. Dixon outline more fully the proposed operations of his company?

Mr. MAYBANK: Mr. Chairman, I would like to make the suggestion that questions might be asked of Mr. Connolly at this time, and that if he so desires he might have Mr. Dixon there with him. I suggest that if Mr. Dixon were to come up and sit beside him, any question which Mr. Connolly could not answer could be referred to Mr. Dixon and the answer given right at the time.

The WITNESS: I am completely in the hands of the committee. Perhaps it might be helpful if I said that Mr. Dixon is here and is available to give evidence. Now Mr. Dixon, of course, is The man; I am simply making a statement in accordance with instructions. It might be helpful to the committee if when Mr. Dixon's evidence is given I were to take him through the ordinary type of examination in chief, as in court. I would propose to take him through a few of the main topics, suggesting what he might discuss, and then leave it to the committee to examine him further, more for the purpose of endeavouring to cover the field than for the purpose of putting in a case. If that procedure would meet the approval of the committee I would be glad to follow it. I think it might save some considerable time and perhaps make for more orderly treatment.

The CHAIRMAN: Has Mr. Dixon a statement to make similar to the one that you have made?

The WITNESS: Well, yes; he has no written statement; but rather than have a written statement it was proposed that I question the witness on matters pertaining to this bill which I think you would want to have covered.

Mr. SMITH: Well, Mr. Chairman, I have some questions to ask this witness, particularly on the basis that he was good enough to give us a written statement and I intend to follow exactly the procedure which he has proposed in examining. However, I am entirely in the hands of the committee, but it does seem to me that perhaps a good deal of time might be saved by the answers which may be given by him and they might make it unnecessary for Mr. Dixon to cover such problems as are already covered by Mr. Connolly. However, as I say, I am entirely in your hands. I am ready to ask some questions now.

The CHAIRMAN: That would be in order, I think, and then we could hear Mr. Dixon. Does that tie in with your idea?

The WITNESS: Yes, but of course I can only answer matters which are within my own knowledge, that is why I suggested that I might examine Mr. Dixon for the benefit of the committee.

The CHAIRMAN: Supposing we have Mr. Dixon come up here so that between Mr. Connolly and Mr. Dixon we can have full answers.

The CHAIRMAN: Gentlemen, this is Mr. A. F. Dixon, President of the Alberta Natural Gas Company.

Mr. MAYBANK: Let Mr. Connolly go ahead and examine Mr. Dixon.

Mr. SMITH: No, I want to examine Mr. Connolly on the material which I have here.

The CHAIRMAN: Is it your desire to examine Mr. Connolly at this point?

Mr. SMITH: Yes, Mr. Chairman.

The CHAIRMAN: That is quite in order.

Mr. SMITH: It would be better if I proceeded in this way, and after that has been done—as I say, it may save asking Mr. Dixon a great many questions on the various points that are set out in this statement. As I say, I am entirely in the hands of the committee.

The CHAIRMAN: All right then, you can go ahead. We have to expect to develop these matters and this is as good a time as any.

By Mr. Smith:

Q. On the statement I want to ask you about the third paragraph:

The provisions of the proposed bill are identical with those of similar bills already passed by parliament and are in accordance with standard form approved by the law officers of the Crown?

A. Yes, sir.

Q. With regard to the last clause of that sentence is the suggestion there that the law officers of the Crown drew this Act?—A. Perhaps I should put it to you this way, Mr. Smith; that a general pipe lines act was as I understand it, drawn up by the law officers of the Crown. They had in mind the type of thing I imagine that should be done in a general way in the particular bills to incorporate companies which would operate under that act.

Q. That is an assumption?—A. Well, I think it is a fairly well founded assumption.

Q. All right, but it is an assumption?—A. Yes. Everyone who drafts a draft bill like this consulted with the law officers of the Crown, including ourselves, and there are certain features in the draft bill that certainly came as a result of those discussions.

Q. In other words you are accepting responsibility for the bill, I mean the legal aspect of it; you are accepting responsibility for that and you are not saying that the bill as we have it is the product of the law officers of the Crown?—A. Oh, no. Perhaps I might just look at some of the special

sections: Section 1, of course, is the names of the incorporators; section 3 would vary of course with each bill; it gives the capital stock; clause 4, sets out the head office of the company and is purely a question of fact. We had a good deal to do, and I think each company had a good deal to do, with the general powers clause. Now, on this clause 6, I think there were a good many drafts prepared of various bills. This bill was prepared over a year ago. It was a matter of getting powers that were adequate to needs of a company which wanted to do what this company proposes to do. Then there is a reference to the General Companies Act and to the Dominion Companies Act, and those references were worked out as a result of the provisions that were in the General Pipe Line Act and in the Canadian Companies Act.

Q. Well then, let us pass on to clause 1 of the bill—

The CHAIRMAN: We are not discussing the bill at the moment. I think that will come under a consideration of the bill itself. I think you should confine yourself to an examination of this witness on his statement.

Mr. SMITH: Quite so, but I think this question might save some time.

Mr. WARD: Mr. Chairman, may I suggest, in view of his disability, that this witness be permitted to sit down; also, that it would be perhaps more convenient for Mr. Smith if he were to sit?

The CHAIRMAN: That is very thoughtful of you, Mr. Ward.

Mr. JUTRAS: That is all very well, Mr. Chairman, but at this end of the room we are not going to be able to hear either the witness or the member asking the questions if they do not stand.

The CHAIRMAN: With all due deference to Mr. Ward, I think it is helpful in a committee as large as this one is and where there are so many interested that both the member asking the questions and the witness should stand. What do you think about that?

Mr. LENNARD: If the member who has the floor does not stand he will have half a dozen other members all speaking at once.

The CHAIRMAN: It will be quite hectic, I think.

Mr. HIGGINS: How is it going to affect Mr. Connolly?

The WITNESS: I am all right, don't worry about me.

The CHAIRMAN: I think the committee member who has the floor should stand; would you mind doing that, Mr. Smith?

Mr. SMITH: Very well, but I suffer in common with the witness as to having a bad leg, but I hope it will last long enough.

By Mr. Smith:

Q. Don't answer this question until the chairman says you may. Could you point out briefly to us the differences in the bill which is before us now and the one that you had before the Senate and the House I think last fall?

The WITNESS: May I answer that, Mr. Chairman?

The CHAIRMAN: Yes, go ahead and answer it.—A. I think the only difference is in clause 1 in the names of the incorporators.

Q. I think there may be one other but I won't bother with that at the moment.—A. There may be.

Q. Then, if you will turn to page 2, perhaps I should go back to the beginning of the sentence at the bottom of the first page:

The Project—It is proposed to gather natural gas throughout the province of Alberta and after supplying the actual consumers of that province who can be reached economically and allowing for the potential

requirements of those areas, to transport such surplus gas as may then remain available to the Pacific coast to serve first the maximum number of consumers in British Columbia who can be reached economically and, secondly, with such gas as remains available to serve consumers in the United States Pacific northwest.

Now, at the top of page 2, "consumers of that province who can be reached economically"; what length of time had you in mind of serving these residents in the province of Alberta? Had you in mind there following the 50 year minimum set out by the province of Alberta?—A. Mr. Smith, I would think that on a point like that it might be better to have that question answered by Mr. Dixon, if that would be satisfactory to you.

Q. Oh, that is all right. I do not want you to attempt to answer something which you cannot answer.—A. I think that question has more to do with the heart of the project.

The CHAIRMAN: Why not ask the question of Mr. Dixon now as we go along. Could Mr. Dixon not answer it now?

Mr. SMITH: I would much prefer to deal with the witnesses individually if I may because I do not think I am capable of taking on two at one time. I imagine. I shall have difficulty enough with them one at a time.

The WITNESS: Not much.

The CHAIRMAN: Proceed.

By Mr. Smith:

Q. If you can answer this question, I wish you would. With such gas as remains available to serve the consumers in the United States Pacific Northwest, would you care to modify that, granted that the pipe line route granted to you crosses the United States border before it reaches Vancouver? In other words, am I not right in this, that in the United States we have what is known as a power commission?—A. A Federal Power Commission.

Q. A Federal Power Commission, yes; and they have a Gas Act, a Natural Gas Act giving them authority over there in matters of transport and use of natural gas. Do you agree with this: that once the pipe line with the gas in it crosses the border between here and the United States, then their power commission has absolute control over that gas?—A. Well, the company's proposal was of course that Canadian users—first of all perhaps I should say this: your question is predicated on the proposal that the line goes through the United States before it reaches Vancouver. You are only talking, therefore, of the American route, the route which takes the gas out of Canada before it reaches Vancouver. But there are other routes which this company has, including an all-Canadian route.

Q. Only one all-Canadian?—A. But there are three others which, for practical purposes are all-Canadian because they simply dip down across the border to avoid difficult terrain.

Q. Whether they dip down or not, the moment that gas crosses the border it comes under the absolute control of the power commission of the United States, even if it only crosses for a mile.—A. I do not think so, sir.

Q. Go on, then.—A. It is the proposal of this company with respect to any gas which might go out of Canada before it reaches Vancouver that the title of that gas will be taken first of all before it leaves Canada. The gas will be sold and they will own the gas before it crosses the international boundary.

Q. They will own it in the United States?—A. In the case you are discussing now, that gas will go through a part of a pipe line which is built through the United States but in bond.

Q. You are going to ship gas through the pipe line, through the United States in bond?—A. Yes.

Q. How would you draw that bond?—A. Well!

Q. It is not like a man driving a bull over there and driving him back again. This gas can only go through this pipe line?—A. That is right.

Q. And I think you will agree with me that the power commission of the United States—that may not be the proper name for it?—A. The Federal Power Commission.

Q. Yes, the Federal Power Commission has absolute control of all gas in lines in the United States.—A. It certainly has.

Q. Then how are you going to deal with it?—A. I should not think there would be too much difficulty about working out an arrangement between the federal authorities here and the federal authorities in the United States as to the handling of that gas.

Q. By what method could they do it?—A. I should think there would be no difficulty at all about making an arrangement.

Q. It would require a treaty, would it not?—A. It might require a treaty or perhaps some simple arrangement.

Q. Well, do you know of any other way of doing it?—A. I would not think that a treaty would be the only way in which it could be done. I do not profess to be an expert on international affairs, but certainly arrangements or agreements between the two countries on problems of that kind, I should think, could easily be worked out.

Q. But do you know of any other way of bringing about such an arrangement except by means of a treaty with the United States?—A. I think it is a matter of taking title by contract before the gas leaves Canada and I think that would have a very helpful effect so far as Canadians are concerned, and I should think it would be something which the Federal Power Commission would advert to.

Q. The Federal Power Commission have control of this gas, have they not? You have agreed with me that they have?—A. They certainly have something to say about it.

Q. Can you think of any reason why the Federal Power Commission in the United States would have regard to contracts, or have regard to contracts made in Canada with respect to this gas?—A. I have certainly never practised before the Federal Power Commission and I certainly do not know what their practices or procedures are in specific cases like this. In fact, I do not believe anyone in this room would know. Possibly Mr. Dixon does.

Q. You know that the Federal Power Commission a few years ago forbade the importation of gas into Canada between—under the river between Detroit and Sarnia? Do you not know that the Federal Power Commission took that authority?—A. Mr. Dixon could perhaps answer this type of thing. It is purely factual.

Q. You know they did, do you not?—A. Mr. Dixon says "no," and I am afraid I shall just have to follow him.

Mr. CARTER: Is this not a matter that could be dealt with by the Board of Transport Commissioners? They decide the route, do they not?

The CHAIRMAN: That is right, but I think it is in order for the question to be asked here.

Mr. GOODE: With all due deference to Mr. Smith, I think Mr. Smith should address his questions to both Mr. Connolly and Mr. Dixon so that we may get something of value out of them now.

The WITNESS: There is this to be said, of course, too, that while I am a lawyer and presumably know the law in Canada, I certainly am not qualified to discuss the terms of the Federal Power Commission Act. I am not a witness as to that.

Mr. MURRAY: I would suggest that we ask the question of Mr. Dixon. He is the principal here, while Mr. Connolly who is a very able lawyer is, after all, only representing Mr. Dixon.

The WITNESS: Mr. Dixon is not a lawyer, but I think he can give some information about it.

Mr. SMITH: But he has had a lot of experience.

Mr. FERGUSON: As I understand it, any member of the committee may ask questions of anyone who appears here as a witness. We have that privilege.

By Mr. Smith:

Q. Probably I can satisfy everybody by putting my question in this way: referring to page 2, about $\frac{2}{3}$ of the way down the page in the first paragraph I read:

... with such gas as remains available to serve consumers in the United States Pacific Northwest.

How are you going to do that, granted that you have a line going through the United States?—A. You are talking now only about the American line. The proposal of the company is that they will not seek a permit to export and sell gas outside of Alberta until the Alberta requirements have been met; they will also want to be satisfied, and they will not seek—in fact I think they would not get an export permit until the British Columbia requirements are satisfied. But the company is of this opinion: that there is enough gas in Alberta to look after all of the actual and potential requirements of Alberta, British Columbia, and indeed all parts of Canada that can be reached economically by a natural gas pipe line, and still be able to provide an excess for sale in the United States. I can go further than that, I think, and say there would be no international gas pipe line, no pipe line built to the Pacific coast, unless it was thought that there was that much gas, because you must have the American market in order to build a pipe line.

Q. I agree with you entirely. One would be silly to come here and seek to incorporate a natural gas pipe line unless it was thought there was enough gas to use that pipe line.—A. That is right.

Q. I shall not ask about it anymore. The thing becomes an absurdity. But I take it I shall have an opportunity of asking Mr. Dixon in respect to it. Now, I ask you to cast your eyes down the page to the next paragraph.

First of all you show the size of the line as being 24-inch outside diameter main line operating at a working pressure of 750 pounds per square inch gauge. And you say:

It is estimated that the total annual sales of gas will be approximately 75,000,000,000 cubic feet, being a daily average of approximately 205,000,000 cubic feet.

What will the peak load be?—A. I think you had better ask that of Mr. Dixon.

Q. I see. That is something with which you are not familiar and you prefer that I ask Mr. Dixon about it?—A. I would indeed.

Mr. BYRNE: Mr. Chairman, I cannot see any purpose in asking questions unless the person asking them wants an answer and wants to get some information, except it be a child asking questions of its mother merely to keep her busy. We have been sitting in the House of Commons listening to these pipe line

debates, yet I have been unable to get any information. I am here now and I want to get some information, and I would like to put some questions myself. Why would it not be permissible for the witnesses who are here and available to answer those questions?

The CHAIRMAN: There are two angles, the legal angle which Mr. Connolly is taking care of, and the practical angle. And with all due deference to your remarks, I do not think we are wasting time on it. I think we could dispose of the legal set-up of the company and then have Mr. Dixon. I think we would make more time that way in the long run. That is my personal opinion as chairman. So I think it would be quite in order to go on unless the questions become too involved for Mr. Connolly.

The WITNESS: I shall simply have to pass on to Mr. Dixon any question which involves engineering.

The CHAIRMAN: Let us clear up your end of it first.

By Mr. Smith:

Q. I only saw this brief this morning and the point I think, with respect, is this. When a witness comes to court and gives a statement he immediately opens himself to cross-examination on that statement. I have been getting along with you very well, I think, and where you say that the answer would be better coming from Mr. Dixon I have not quarrelled with you. I have agreed to defer those questions until Mr. Dixon gives evidence. I do not think that anybody can complain about that method very much.

Your next paragraph says this:

"The proposed company will be closely associated with Alberta Natural Gas Grid Limited, an Alberta company, incorporated for the purpose of operating a natural gas gathering and wholesaling grid system in that province".

Now, as I understand a grid system it is something which will be used to gather available gas from various pools to make it available to the main pipe line—perhaps at various places, but certainly at one place.—A. I believe so, yes.

Q. And that of course immediately raises in your mind the matter of local issues—in other words the supply of gas to the present distribution systems which are in use in Alberta at present.

Now, you are aware that there is another company incorporated to operate the grid system there—I have forgotten the name of it but it is Milner's company I am speaking of, the Inter-something—in any event a grid system within the province. Whoever builds this pipe line hopes to serve the local needs in Alberta and they hope to serve a proposed line which is to run from the southern part of the province to Winnipeg.—A. Any export line.

Q. Yes. Well what I am asking you is this: have you or your clients had any negotiations with that grid company?—A. Yes, I believe we have.

Q. Are you insisting on owning your own grid system in Alberta?—A. Again I would refer that to Mr. Dixon.

Q. Very well.

Mr. BYRNE: Let Mr. Dixon take the stand.

Mr. SMITH: My difficulty is that I am not running this committee; they have seen fit to call a witness and I am not quarrelling with that procedure.

The CHAIRMAN: Order.

Mr. SMITH: Well, I am going to leave that question. I wish to ask you this: in contemplating this grid system, I am particularly interested in the city of Calgary and the southern distribution area in which I live.

Mr. PRUDHAM: Do not forget Edmonton?

Mr. SMITH: Edmonton is well off; it owns its own distributing system but in Calgary we do not.

An hon. MEMBER: That is too bad.

By Mr. Smith:

Q. I feel like a prima donna here—I am being shot at from all directions and I do not know where I am going.

However, I want to ask whether in the grid system you contemplate, do you intend to connect up fields which may be used as storage fields? Perhaps I had better put it this way—A. It is a pretty technical question—I think it is an engineering question; and I think Mr. Dixon could give you the answer in very short order, and with authority.

Q. Well—A. He could give the information with authority.

Q. I am sure that he will be pleased with your recommendation—I am too, knowing something of Mr. Dixon.

Then we come to the individuals associated with the project and it is very plain there who Mr. Dixon is but I want to ask you this: in the bill which went through the Senate a year ago, known as Bill E, I notice that you were one of the persons seeking incorporation?—A. Yes, that is right, sir.

Q. With you was Mr. Alistair Macdonald of Ottawa, in the province of Ontario, and Mr. Logan of the city of Wilmington in the state of Delaware. Is Mr. Logan here?—A. No.

Q. I am sorry, because he is a very estimable gentleman; he and I do very well together. He is an attorney at law—Mr. Logan, together with such persons as may become shareholders—in other words at that time you had three incorporator's names, but now you have made additions to that number. You have added Mr. Austin Taylor and Mr. McMillan.

Mr. MURRAY: Who is giving the evidence here?

The CHAIRMAN: I do not see any objections to the question asked.

Mr. MURRAY: If everyone else will have the same right it is all right.

Mr. McCULLOCH: Go ahead and ask the questions and we will get through much quicker.

By Mr. Smith:

Q. I do not want to get annoyed with you, but if I do—look out, that is all. Please keep quiet; I am asking very legitimate questions and I am sure Mr. Connolly will agree.—A. I will be very glad to answer any questions you ask—of course I am in the hands of the committee.

Q. I merely read the names that appear in the Senate bill; in the new bill, however, there are other incorporators added. I named them and they are published in the bill—it is public property—and Mr. Billy Dick of Edmonton is the other one.

Now, are you in a position to tell me under what circumstances they came into the picture? That is fair, is it not?—A. Yes; and I think I can answer that question. Originally there were three lawyers named as incorporators, following a practice that is more or less general. In the debates of the House of Commons in the fall of 1949 there were several speeches made in which it was requested or in which demands were made that the people that were behind this project should be made known—there was never anything official on the record. There was also the fact that at the time these bills were originally drafted it was thought that three directors might be sufficient but it was later thought that more members of the board of directors would be useful for the company. For that reason two things were done: the number was increased;

that could only have been done otherwise, if the original bill had gone through, by a new application to parliament. That part we need not discuss. The other purpose of putting those names in was to add people who are interested in the project.

Q. That is what I am coming to. Now, in the present applicants seeking incorporation, they are the individuals who are interested in the project?—A. They are some of them; I would not think those would be all of them but certainly they are some of them.

Q. When did they come into the project? In your statement you tell us Mr. Dixon's company, or his associates anyway, have been interested for a number of years. That statement occurs later on?—A. I think that they have come in at various times. The exact dates I do not know, but from day to day there are people becoming interested in the project.

Q. What persons have joined the project since the last session of parliament?—A. I am afraid I cannot answer that; I have not got the records.

Q. Very well. When did Mr. Austin Taylor and Mr. McMillan come into the project?—A. I do not know that; I have not got that answer.

Q. All right, you do not know.—A. I have not got the records and I did not do that work.

Q. As far as Mr. Jack Moyer and Mr. Bill Dick are concerned would the answer be the same?—A. Yes, as far as I am concerned.

Q. You do not know?—A. I do not know.

Q. All right, we will leave it at that. Now, you say in the latter part of the same paragraph on page 3:

This firm was a pioneer in the development of the long distance natural gas transmission industry in the United States. It was associated with the establishment of such major gas pipe line systems as United Gas Pipe Line Company, Panhandle Eastern Pipe Line Company, Tennessee Gas Transmission Company and El Paso Natural Gas Company, four of the largest pipe line systems in the world.

Is the Panhandle Eastern the pipe line which comes to Detroit and which has a connection through into Canada?—A. Yes, sir.

Q. Do you know who financed the Panhandle Eastern Pipe Line Company?—A. I do not know. Mr. Dixon does.

Q. Then, in the next paragraph,—perhaps this is also something for Mr. Dixon,—you mention the firms and individuals, geologists and engineers, who helped and the two individuals you mention are : S. E. Slipper and T. A. Link, both of Calgary, as I see by your memorandum. Have you personally had anything to do with these men?—A. No. That has been on the engineering and geological side.

Q. Then I want to ask you if you can tell me about the two firms named at the top of page 4: Haddock-Engineers, Limited, and Pacific Pipe Line & Engineers, Limited. Are those Canadian concerns?—A. No, they are American concerns.

Q. They are American concerns. Then we come back to your financing paragraph, which is the first paragraph on page 4, in which you state:

A strong group of responsible banking firms in Canada and the United States, headed by Morgan, Stanley & Company, of New York City.

Do you know whether or not Morgan, Stanley and Company are the fiscal agents for the Bank of Canada in the United States? I see you say here they took care of a lot of Canadian issues.—A. Well, now, I cannot say whether they are the fiscal agents or not, but I do know that they are so responsible that they do work for the Canadian government.

Q. And I think they are also fiscal agents for the Department of Finance?
—A. I cannot answer that, Mr. Smith. I have no direct knowledge.

Q. Do you know whether or not they were the financiers of the Panhandle Eastern?—A. No, I do not know that.

Q. And Morgan, Stanley are a portion of the old firm of J. P. Morgan and Company, brought about by United States legislation?—A. There is no connection between the two organizations, as I understand it, but I am talking from hearsay.

Q. But it is well known that they were divided by law, so to speak, in the United States. Now, in the next paragraph, you say:

Various Canadian firms have agreed to act in different capacities. They include the Royal Trust Company...

I pause there. This is, I take it, a legal matter. Why a trust company? What are they in there for?—A. Well, the handling of the securities, perhaps. Would you like me to read a copy of a letter from the general manager of the Royal Trust Company of Montreal to Messrs. Morgan, Stanley and Company, dated the 19th of April, 1950?

Q. I do not know whether I would or not, I do not know what is in it. Please read it anyway.—A.

Cortelyou L. SIMONSON, Esq.,
Messrs. MORGAN, STANLEY & COMPANY,
2 Wall Street,
New York City, N.Y.

Dear Mr. Simonson, we have given careful thought to our discussions with you regarding the pipe line project sponsored by Messrs. Morgan, Stanley and Company, and certain United States and Canadian associates. It is our understanding that you are contemplating the financing of this project in due course by the sale of senior and equity securities partly in the United States and partly in Canada. We believe that such a financing plan is reasonable, and should work out satisfactorily.

The Royal Trust Company, with branches in the leading Canadian financial centres and in London, England, and with established New York contacts, is in a position to render any corporate services that may be required in connection with the financing of your project, and we would like to have an opportunity to continue our discussions with you and Mr. A. Faison Dixon, with a view to obtaining the appropriate appointments in this connection.

A number of our clients are keenly interested in the development of the natural resources of Alberta, and we trust that when the financing of your project is being arranged, we may be enabled to give them an opportunity to participate as investors.

Yours faithfully,

(sgd) J. PEMBROKE.

They do the normal things that a trust company would do.

Q. What I want to get at is to make sure they are only acting in the capacity of trustees in connection with the project.—A. Yes.

Q. Now, in that letter they said, they contemplated issuing two kinds of securities. I did not hear what you said.—A. I will read that section.

It is our understanding that you are contemplating the financing of this project in due course by the sale of senior and equity securities partly in the United States and partly in Canada.

Q. What do you mean by "senior and equity securities"?—A. This is a financial matter, Mr. Smith. You would like to have more expert men answer that. I think you would get better information. I have not studied the

financial aspects of this thing. I have not been in on it yet. I hope I will be in on it later but at the moment, no.

Q. How can you express the hope that you will be in on something that you admit you do not know anything about?—A. As yet I do not know anything about it. I do not think it has been set up yet.

Q. What is the difference between senior and equity securities? I mean, the committee would like to know. I am more ignorant than you are. I do not think I know, either.—A. I think this is a matter that one of the financial men we have here should give information on.

Q. Do you know what kind of securities this company intends to sell?—A. No, sir, I do not.

Q. So that, as solicitor for the company you are unable to tell me what kind of securities will be sold to the public.—A. Mr. Dixon will be able to tell you that in detail. There will be bonds and there will be stock, certainly.

Q. All right, we will leave that for Mr. Dixon.

Then, I notice that you say in the next sentence of your memorandum, on page 4: "Dominion Bridge Company, Limited has agreed to fabricate the large diameter pipe, using plate supplied by Canadian mills."—A. Yes, that is my advice.

Q. Do I take the word "fabricate" to mean to roll sheets into tubular form?—A. Yes.

Q. And where will that be done?—A. Well, Mr. Dixon has conducted some negotiations there again, and had some discussions with the people concerned. I certainly did not.

Q. Well, perhaps I had better leave that.—A. In Canada, I understand. Just where in Canada I do not know.

Mr. GOODE: May I have that point settled: will it be done in Canada?

The WITNESS: My understanding is that it will be.

By Mr. Smith:

Q. I thought you were going to leave that to Mr. Dixon, and now you are giving the assurance to somebody that it is going to be done in Canada. Where in Canada?—A. I do not know where, but my understanding is it will be done in Canada.

Mr. GOODE: You answered me it would be done in Canada. I take it that is your answer, is that correct?

The WITNESS: Yes.

By Mr. Smith:

Q. And you do not know where? Tell me where in Canada there is machinery for making a twenty-four inch O.D. pipe?

Mr. MURRAY: Would you establish a factory?

The CHAIRMAN: How would it be if we left that to Mr. Dixon and make some progress?

Mr. SMITH: I am quite content to leave it. I only came back to it because the witness told Mr. Goode that it was going to be fabricated in Canada.

Mr. GOODE: Could the witness ask Mr. Dixon and then give us the answer now?

The CHAIRMAN: No, we are following a certain procedure. I think the answer will come out in due course.

Mr. BYRNE: On a point of order, Mr. Chairman. I would just suggest, if I am correct in saying this, that anyone in asking questions, if they are obviously questions of a technical nature that they reserve them for Mr. Dixon and not

waste the time of this committee by asking one who is not in a position to answer, one who has consistently said that on matters of a technical nature he is not in a position to answer. Some of these questions take up two and three minutes of our time to put to this witness, and we are thereby wasting a good deal of time.

The CHAIRMAN: Perhaps Mr. Smith would be good enough to anticipate that and divide his questions.

Mr. SMITH: I was going to say I appreciate very much the intervention of Mr. Byrne except for his last stupid statement, because I am not a person who can differentiate as to whether something may be a bit technical or is not, but, Mr. Chairman, you will agree that every time this witness has suggested that someone else is in a better position to answer, I have agreed with him and have not delayed you one minute.

The CHAIRMAN: Proceed.

By Mr. Smith:

Q. I was on page 4, and I did ask you about securities to be sold to the public and you told me that Mr. Dixon would also take care of that. Then, on the cost of the project I gather you would not care to express any comments with respect to that?—A. That is right.

Q. I have already asked you about Haddock-Engineers and Pacific Pipe Line Engineers. Do you know where their headquarters are?—A. Their headquarters are in California.

Q. Have you employed any Canadian surveyors or engineers, if you know, in connection with the route?—A. I do not.

Q. You do not. Now, I have already asked you about the pipe line crossing into the United States. That is taken up in the next three or four paragraphs and I am not going to ask you any more about that because you say Mr. Dixon is available to supply information on these routes—A. That is right.

Q. Now, I am going to ask you this. Do not answer it until the Chairman says you may. Which of these five routes is preferred by your company? Where do you want to build this line?—A. Well, I would think the company would prefer to build whatever line is best going to serve the interests of all concerned, Canadians first.

Q. You are against sin, that is about what you told me there, and so am I. Which line do they prefer? When they go to a board or a judicial body what lines are they going to ask permission to build?—A. Well, there are five lines which have been surveyed. In fact a good many routes have been surveyed but there are five of them they think are more practical. They have spent a great deal of money in making surveys and it is felt, because of the magnitude of the project, that what they should do is give the Board of Transport Commissioners the benefit of all the information they have on all routes. The Board of Transport Commissioners, as you know, has wide authority under the provisions of the general Pipe Lines Act and a very heavy responsibility to determine what is in the best interests of Canada, to determine in the best interests of Canada what is the proper way for one of these routes to go. Mind you, the application has not been made to the Board of Transport Commissioners. It may not be made for some time. It cannot be made, of course, without incorporation, but at that time the Board of Transport Commissioners will be given all available information.

Mr. ROONEY: Mr. Smith, there is a question here that you asked a moment ago: if there were any Canadian engineers associated with this project. Well,

I happen to notice here two names, and you should know these gentlemen, S. E. Slipper and T. A. Link, both of Calgary, who are said to be associated with the project according to the memorandum.

Mr. SMITH: Well, of course, they are intimate friends of mine; they are not engineers, they are geologists. May I continue, Mr. Chairman?

The CHAIRMAN: Yes, please.

By Mr. Smith:

Q. Then, is this the position, Mr. Connolly; you propose to go to the Board of Transport Commissioners and ask them for leave to build a pipe line without telling them you want to build a pipe line from here to there?—A. Well, Mr. Smith, there are two applications that are made to the Board of Transport Commissioners. There is one in which you make a general application indicating where you want to leave and the point you want to reach. There is another application in which the exact route is specified.

Q. I know that.—A. I think in the general application what this company would do would be to lay down before the Board of Transport Commissioners all the information that it has gathered on the engineering, on the cost, on markets and on every phase of the work of the pipe line company. Then, I think as a result of that, there will be some decision reached as to what is the most feasible way to go in the interest of the Canadian public at large, and that is the only interest the Board of Transport Commissioners have.

Q. Which is the cheapest route?—A. The cheapest route of the five is the one which goes down into the United States.

Q. Crossing the border at—what is the name of that place, just outside of Alberta?—A. Do you mean Kingsgate?

Q. Yes. Is that the route you favour?—A. I think that perhaps Mr Dixon could help you a good deal more than I can on that. I think our undertaking as contained in the brief on page 6, at the bottom of page 6—that undertaking is an undertaking by which this company will stand. It was for the purpose of this committee that that was put there:

The applicants for incorporation are prepared, if authorized by the Board of Transport Commissioners, to build the first described route, which runs through Canada in its entirety to Vancouver. They are also prepared to build along any route which, after full consideration of all the facts, may be deemed to be in the best interest of Canada as declared by the board.

We cannot do more than say what we are prepared to do in the circumstances under which we are operating now, considering the Pipe Lines Act as it is. We are also prepared to build along any route which after full consideration of all the facts may be deemed to be in the best interest of Canada as declared by the board. I do not think we can go any further than that.

Q. Well, you have an application before the Petroleum and Natural Gas Conservation Board in Alberta, which I have in my hands, perhaps this will help you. In paragraph 4 of this petition you say:

The project of Northwest Natural Gas Company is to buy and gather gas in the province of Alberta and transport it by pipe line through the Crowsnest Pass and to Trail, Vancouver, Tacoma, Seattle, Portland, Spokane and intermediate points.

Doesn't that help you in the line you want?—A. Doesn't that help me?

Q. Yes, as to which line you are going to ask for.—A. I don't know, I think that could be any one of these routes.

Q. Haven't you filed a plan in connection with that showing a crossing at Kingsgate?—A. That is one of the routes.

Q. Into Spokane?—A. Yes.

Q. Is that the only plan that you have filed before the Alberta board?—A. We have plans of five routes.

Q. Have you filed those with the Alberta board?—A. I was not in the Alberta application, but I would assume so.

Q. This is in connection with these places, Crowsnest Pass, Trail, Vancouver, Tacoma, Seattle and Portland and Spokane; you know where Spokane is, don't you?—A. Yes.

Q. And the idea is to take it through Kingsgate and directly to Spokane—I am not mentioning the small places—thence west to a point shortly before reaching Seattle (Bellingham, isn't it?) and then north on a stud line into Vancouver; isn't that what you are speaking about in this application—and south, of course, to Portland, Tacoma and Seattle?—A. Mr. Smith, I did not draft that. But I do say this. In view of what is contained in the undertaking, that when that was drafted, and no doubt when any of the documents are drafted, the people engaged in drafting them on behalf of this company, draft them in such a way that it will be clear that the maximum number of users both in Canada and in the United States, the greatest possible market, will be reached. I do not know that there is anything obscure about that idea as expressed in the memorandum I have read to this committee. Obviously, they want to serve the maximum number of consumers in Canada and the United States if the pipe line is to be a financially feasible project.

Q. The largest market?—A. Quite so, we want to get the widest possible markets. Now, the drafting of these applications in that way I take it is the only feasible way to do it. As I say, we have five routes and we undertake to build on any one of the five that the Board of Transport Commissioners will direct us to build on. I do not think we could go any further. It would be presumptuous for us to say we will build route "A" or "B" between certain points in a certain way to this committee. We would be misleading this committee if we said we are going to go ahead and build route "B" and we find later that the Board of Transport Commissioners would not authorize that certain route. I think in view of the legislation we could do no more before this committee than what we have done, namely engage to undertake to build whatever route the Board might direct. There has been a great deal said in the House of Commons about a Canadian route. We say of the Canadian route, "We have such a route. We have surveyed an all-Canadian route, and we engage to build that if we are so directed by the Board of Transport Commissioners." I do not know what more we can do. I think if you were the solicitor for the company you would do the same thing.

Q. I cannot tell you what I would do were I in that position, because I think my position would be a little bit altered. If I acted for the company I would no doubt do what they told me; but I want to ask you this: is this a fair statement, that you are seeking incorporation of this company to build a pipe line from a point in Alberta—and this sets out that it would be in the neighbourhood of Pincher Creek—and through Vancouver and you do not know, your company does not know where it intends to build that line?—A. I do not think we could possibly know until the Board of Transport Commissioners passes upon it.

Q. So you are going, as you said, before the Board of Transport Commissioners on that?—A. Yes.

Q. Have you ever been before them in connection with a charter for a railway company?—A. No, I have not.

Q. So your position is that you are going to go before the Board of Transport Commissioners and seek authority to build a gas pipe line and you are not in a position to tell the board where you want to build it?—A. We have five available routes.

Q. Oh, you are going to give them five chances. That is more than most of us ever get. Your position is that you are going to go there and ask them to

permit you to build a pipe line and in doing that with the power to expropriate peoples' properties and you are not in a position to tell the board where you are going to build it?—A. Mr. Smith, we are going to be in a position to tell the board the details of every foot of each of these five routes. These people have spent over a quarter of a million dollars in surveying routes they have under consideration—they have spent this tremendous amount of money on engineering and field work. All of that data is going to be laid before the Board of Transport Commissioners. What more can we say?

Q. You can tell them where you want to build it, can't you?—A. I think it is up to them to decide that, given the information we will supply and the engineering data.

Mr. THOMSON: Would it not help, Mr. Chairman, if Mr. Smith were to ask the witness where he wants to build it, where the company want to have it built?

Mr. SMITH: Yes, where do you want to build it. I am glad you interrupted me. Where do you want to build it?

The WITNESS: We want to build a line to the Pacific coast, to Vancouver, from the gas fields of Alberta. We want to build over such a route as will be in the best interest of Canada as ordered by the Board of Transport Commissioners. What more can we say?

By Mr. Smith:

Q. You have spent hundreds of thousands of dollars, you told me just now over a quarter of a million, surveying routes?—A. That is right.

Q. And you are not in a position to say which of these five routes you want to build that line over; is that a fair statement?—A. Let me put it to you this way, let us say that the American route is going to cost us \$20,000,000 less than the Canadian route.

Q. Well?—A. We might want to build the American route.

Q. Well, do you?—A. I don't know.

Q. Who does know?—A. There might be reasons why the Canadian route, despite that, might be the better route. We don't know. The Board of Transport Commissioners are going to have to decide that, and if the Board of Transport Commissioners say this to us: "No matter what route you might want to build it is either route "X" or no route;" We want to build a pipe line and we will go route "X".

Mr. FERGUSON: It is either that or no route at all.

Mr. SMITH: I am going to leave that now.

The CHAIRMAN: Let us clear that up, have you anything to say on that, Mr. Dixon?

The WITNESS: Perhaps you would like to have this from Mr. Dixon?

The CHAIRMAN: A little later.

The WITNESS: But what I do want to say, if you will permit me to Mr. Smith, is this: we have to take our position as we go in the light of existing legislation, that is the Pipe Lines Act.

By Mr. Smith:

Q. Oh yes.—A. And the Pipe Lines Act is a matter of government policy with which we have nothing to do. It was drafted in a certain way, it was put into the legislation, and we are bound by it. We have to work within the four corners of that act.

Q. You had nothing to do with that legislation?—A. Certainly not.

Q. Did you canvass anybody with respect to the Pipe Lines Act in Ottawa?—A. No sir.

The CHAIRMAN: I do not think that has any bearing on this question which is now before the committee.

The WITNESS: I certainly did not.

Mr. SMITH: Let me make it plain that I said nothing about it until he volunteered that he had nothing to do with it, and he is a lawyer.

The WITNESS: Mr. Smith, you have my assurance on that.

Mr. SMITH: Very well.

Mr. APPLEWHAITE: Could I clear up one point in connection with that, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. APPLEWHAITE: You have an application now for a pipe line before the Board of Transport Commissioners?

Mr. SMITH: No, not the Board of Transport Commissioners, before the Alberta board.

The WITNESS: I think Mr. Smith asked me whether I had ever appeared before the Board of Transport Commissioners personally.

Mr. SMITH: That is right.

Mr. APPLEWHAITE: But that was not in any way in connection with this proposed company?

The WITNESS: No.

Mr. SMITH: I am glad to have that point made clear, I did not want to have any misunderstanding about it; I merely asked you if you yourself had appeared before the Board of Transport Commissioners; it had nothing to do with this present matter.

The WITNESS: Oh, no.

By Mr. Smith:

Q. So, before leaving this—as I hope to in just a moment—as I understand you—and I want to get it correct—you intend to go before the Board of Transport Commissioners asking leave to build a pipe line—you follow me until I finish my sentence—a pipe line, and you are not in a position to ask permission of the Board of Transport Commissioners to build that on any given route?—A. Well, we would ask them for permission to build, as at present advised, any one of these surveyed routes.

Q. You do not expect to get permission for all five, do you?—A. Oh, no.

By Mr. Goode:

Q. Would you please answer this question yes or no: is the laid down cost of gas in Vancouver influenced by the different routes?—A. Oh, greatly influenced.

By Mr. Smith:

Q. I thought that would be a question which you would allow Mr. Dixon to answer.—A. Certainly, I want Mr. Dixon to do it. But I can say that and I think that is a perfectly legitimate type of answer to give, after having discussed the matter with these people.

Q. What is the difference in price in Vancouver?—A. As to that, I must say I do not know. But it is considerable.

Q. I thought you said it made a tremendous difference?

Mr. Goode: I do not think he said "tremendous".

By Mr. Smith:

Q. What is the difference, then? The witness volunteered to answer and surely I am entitled to receive his answer?

The CHAIRMAN: I think the answer you have given, Mr. Connolly, should cover the situation for the time being. Details might be supplied later by Mr. Dixon.

Mr. PRUDHAM: The bill before the House deals with an application to incorporate a company. It does not deal with routes. I think it is entirely out of order for us to discuss routes in this committee. But if we are going to discuss routes, then all routes should be discussed, including other routes which are not covered by the survey of this company.

Mr. GREEN: Before you make any decision on a question of that kind, this same point was raised by the sponsors of this bill in the Senate, before the Senate Committee last fall, and it was admitted there by Mr. Connolly that the committee of the Senate had the right to go into some of the details about these routes, although perhaps not in such detail as the Board of Transport Commissioners; but in any event the Senate did hear evidence about the routes and I suggest there is absolutely no reason why this committee should not hear that evidence. As a matter of fact, that is what this whole question is about; and if we cannot hear anything about the routes, then there is no use in having this committee.

Mr. MAYBANK: I certainly have no objection to information being sought respecting routes, but in expressing an opinion as to the propriety or impropriety of following that particular line of inquiry I want it to be clear that as far as I, as a member of the committee, am concerned—not referring to myself as sponsor of the bill but as a member of the committee—I do not care how widespread the line of inquiry may be. That is a personal view. It surely ought to be clear that while the opposition to this bill has sought to bring up the question of routes ad nauseam in the House of Commons, it is not an issue which is before this committee in passing or in not passing this bill.

The question is only whether a group of individuals will be given the opportunity to make an application before the Board of Transport Commissioners or before other bodies. There is that fact, and there is also the question which will be uppermost in the minds of most people, whether we are going to continue, as it would appear some have sought to continue, to impose a monopoly on a particular company already enchartered by parliament. Those two things seem to me to be the only issues that this committee has before it.

I do not care how far afield we go in the matter of discussing routes, but the question which we have to consider is whether we will permit people to be incorporated in order that they may walk into a certain court and ask to be allowed to build a pipe line. There is nothing else before this committee than that. The rest of the talk which we have heard in the House of Commons and the line of inquiry in connection with the routes has nothing to do with whether or not this company ought to be born. Of course, I realize that that is just my personal view, and I realize that other people may hold differently. But I think that we should keep it in mind that we are only considering the birth of a company, or as the opponents of it might say: whether or not they can effect an abortion.

Mr. SMITH: You are trying to bring about a Caesarean.

Mr. MAYBANK: I think it is a question of whether we will allow a certain company to be born, and that is all we have before us.

Mr. HARKNESS: I would differ with Mr. Maybank on the question of the routes being a matter which is before this committee or which should be discussed before us and I would like to draw to your attention that when the applicants for other pipe line companies were before this committee a year ago we did go into the question of routes and we heard evidence on the matter in this committee and it was discussed; so we have a complete precedent for discussing routes in this case.

The CHAIRMAN: I see nothing wrong with continuing the discussion as far as routes are concerned. Moreover, the brief presented definitely refers to a route and I think a lot of the objection has been taken on account of the route. And while it is strictly not in order, I think we should allow the discussion to go on, if not too greatly prolonged, and let us see where we arrive.

Mr. NOSEWORTHY: I certainly hoped that you would not limit the discussion of this committee as suggested by Mr. Maybank.

Mr. MAYBANK: I did not suggest that. I do not care.

Mr. NOSEWORTHY: I think we are all agreed that the supporters of this bill before us told us in the House that we should get this bill before the committee for the purpose of getting information as to a route. I hope you will follow that procedure. I have three questions I would like to direct at this time.

The CHAIRMAN: Just a moment, Mr. Noseworthy. I think Mr. Smith has not yet finished. Are you finished, Mr. Smith?

Mr. SMITH: You will be happy to know that I am finished with routes. But I do want to go on with the balance of the statement. It is very very brief.

Now, on the point of order which was raised, I think one of the best speeches made in the House of Commons was made by the member for Comox-Alberni, and his whole story was that we would get this information in this committee, and it was applauded by practically all the gentlemen around the table. I am rather surprised to see the change in mind at this time.

By Mr. Smith:

Q. Under the heading on page 7 "Natural Gas Supply", I read the following:

Contracts for natural gas have been entered into with the following:
Shell Oil Company of Canada, Limited
California Standard Natural Gas Company (an Alberta Corporation).

Now, this is a matter of policy, and if you do not wish to answer, please tell me so. As you are aware, the Shell Oil Company has proven gas holdings which are at a place, a creek called Jumping Pond, situated a short distance west of Calgary, twenty-five or thirty miles, something of that sort. Is it the intention of your company to take gas only from a given field, or is it to be a grid? Do you intend to cover other peoples' gas whether you have a contract with them or not?—A. Mr. Dixon can do a great deal more with that than I can. I think we are going to be in the hands of the Alberta Board on that point.

Q. I was asked once to confine myself to legal matters. Perhaps I might ask you this question: do you think?—A. I am a member of the Bar of Ontario, Sir.

Q. This is a problem which has something to do with the British North America Act. Do you think that the province of Alberta, by a board or in any other way, has the right to forbid the export of gas from the province of Alberta?—A. On the question of export, I think that is something that the greatest constitutional minds in the country have already gone into on both sides. But on the question as to the gas which shall be taken from various fields in Alberta, I think the Alberta government would have a great deal to say, because there it is a question of natural resources.

Q. In fact they do, and they have for some time; and you will know that a hearing is going on there under a bill or an Act which is called the "Preser-

vation of Gas in the Province of Alberta". Many people down here have been saying that it is entirely up to Alberta to say whether its gas shall be exported. Would you agree with that?—A. People in high places have said that.

Q. As a lawyer, you do not agree with it, do you?—A. My practice is not in the field of constitutional law.

Q. We shall soon be getting down to what this practice of yours is. You have thrown a lot aside.

The CHAIRMAN: Let us keep to the bill, please.

By Mr. Smith:

Q. I shall stop at that. But I was quite sure that Mr. Connolly would agree with me that the province of Alberta has no right whatever to stop that export. However, we have the Prime Minister on the other side, so we are not doing much there.

Now, in the next paragraph you say:

The proven natural gas reserves of these suppliers are more than sufficient to meet the entire natural gas requirements of the applicant.

The only gas that will be transported out of Canada will be that which is surplus to the needs of Canadians.

Now I hope you do not mean that the two companies which are named immediately above what I have read have in their fields sufficient gas for that purpose. I hope you do not mean that, because I am sure it would be wrong.

—A. Are you purposely excluding the supply from Gulf?

Q. Under natural gas supplies, contracts for natural gas—I do not want to exclude anything. I do not think we dare. I think we have got to use the whole works.—A. I do not know. I think perhaps Mr. Dixon could tell you.

Q. All right. Mr. Dixon can tell me that. Now, turning to the next heading which is "Markets", I take it that Mr. Dixon would have the figures if anyone is interested in the cost of these various lines, approximately?—A. Oh, yes, indeed.

Q. Very well, I shall not bother you with that. But I notice you refer here to supplying gas to Chilliwack, and I was wondering how you were going to get your gas from New Westminster or Vancouver to Chilliwack.—A. That too, is an engineering problem, I should think.

Q. All right then, I may, perhaps, be able to ask Mr. Dixon about that. Do you know how far it is from New Westminster to Chilliwack?—A. I do not know.

Q. Never mind if you do not know. We can get that on the map. On the next page, page 8, you say "Thus, the proposed system will supply more natural gas to more users in Alberta and British Columbia than any other proposed gas pipe line system." I gather you would rather have Mr. Dixon also explain what is meant by that?—A. I should think so; I should think that he would be abundantly clear on that.

Q. Then you say: "It is generally agreed however, that no pipe line project to the Pacific coast is economically feasible if only Canadian points are served." I do not want to ask you about that; I want to agree with you entirely.—A. It is common ground.

Q. Many people have told me that we are going to have three or four pipe lines but the market will simply not stand it—that is your company's position, is it not?—A. That is right sir.

Q. I mean it is clear to your company, as it is to anyone else that I have talked to, that the market is only sufficient to support one pipe line. It is a simple situation, is it not?—A. I understand so.

Q. That is your understanding?—A. I understand so.

Q. Thank you very much.

Mr. CHAIRMAN: Do any other members wish to ask Mr. Connolly any questions?

Mr. NOSEWORTHY: Yes, I have some.

The CHAIRMAN: Mr. Noseworthy has the floor.

By Mr. Noseworthy:

Q. I have some questions, but I do not know whether Mr. Connolly wishes to answer them or whether Mr. Dixon is to answer them. However, you refer here to the fact that there is more gas available than is required to meet the needs of the applicants? Have you any idea as to whether or not there is enough available to meet the needs of the three companies—the one that has already been incorporated, and the other two that are applying for incorporation?—A. I cannot give you an answer to that, sir; I do not know. I think it would depend largely upon what the other companies were going to do.

Q. I assume that they will get their pipe line?

Mr. SMITH: They would all supply the same major market and the amount of gas is practically the same.

The WITNESS: Mr. Noseworthy wishes to know whether there is enough for the three pipe lines—and I do not know.

Mr. DARROCH: He does not know.

Mr. BYRNE: Mr. Noseworthy is not so particular whether the witness answers or Mr. Dixon answers?

The WITNESS: It would be better to have Mr. Dixon answer.

Mr. NOSEWORTHY: You indicate that you will submit details of the five routes. Can you say that the applicant will not indicate to the Board of Transport Commissioners the routes they wish to take?

Mr. McCULLOCH: That question has been asked a dozen different times.

The WITNESS: I think I have said as much as I can on that point.

By Mr. Noseworthy:

Q. Will they indicate to the board the route they prefer to follow—just answer yes or no?—A. I do not know that I can answer that; I think what I have said on that is as much as I can say.

Q. What I wanted is an answer either yes or no? Do I assume that you prefer not to say yes or no to that question?—A. I think it is up to the Board of Transport Commissioners to decide. We will put all the information that is available before the board.

Q. I am asking you a straight question—whether you are prepared to say yes or no to the question: "Will your company indicate to the Board the route they prefer to follow?" That should be simple for you to say yes or no to?—A. I do not know that I can give an answer different from the one I have already given.

Q. In other words you prefer not to answer?—A. No; I think I have answered it.

Q. In the form I have asked?—A. Yes. I do not think that the question can be answered by the company in that form at this time.

Q. Can you tell me this: have you any statistics to show which route will be most profitable to the company?—A. Mr. Dixon could discuss that phase of the matter with you.

Q. You have indicated that it would not be fair for you to assume that you will follow any one particular route because the Board of Transport Commissioners might refuse to give you a licence to follow any one particular route. Do you care to express an opinion as to whether or not the Board of Transport Commissioners would reject an all-Canadian route in favour of an American route?—A. I should not think they would; I do not think they would take any position until they had the evidence before them.

Q. Do you think there is any likelihood of their refusing you a route to build if it was an all-Canadian route that you asked for?

Mr. GOODE: On a point of order, Mr. Chairman: the witness is being asked to give an opinion of what the Board of Transport Commissioners might do. I do not think that is correct.

The WITNESS: Mr. Noseworthy, the only assumption I can make with reference to the hearings or decisions of the Board of Transport Commissioners is that they are a judicial or semi-judicial body. They will consider the evidence and I do not think we can assume that they will take any stand in advance of the evidence. Once the evidence is there they will make up their minds as to what, in the best interests of Canada, will be done. I think that will be the basis of their decision.

Mr. SMITH: They will determine policy—Canadian policy.

The WITNESS: I think, under the Pipe Lines Act, that is the way it is.

Mr. NOSEWORTHY: On page 7 you say that the only gas that will be transported out of Canada will be that which is surplus to the needs of Canadians. You have indicated that you have some knowledge of the available supply. Can you tell us what will be the ratio of gas required for Canadian use as compared with the total available?

The WITNESS: Those are figures which Mr. Dixon would be able to give you.

Mr. SMITH: 25 per cent.

Mr. NOSEWORTHY: Can you give us, Mr. Connolly, any assurance, provided the company incorporated last year builds a pipe line, that your company will also build a pipe line to avoid a monopoly?

The WITNESS: I cannot give you any assurance on that point. I think the question of monopoly arises over whether or not there will be more than one person to deal with in connection with the construction of a pipeline to the west coast.

Mr. SMITH: It is answered by the physical conditions of any route.

Mr. NOSEWORTHY: It depends on the number of applicants who have the right to build a route?

The WITNESS: The Alberta government feels that if they have more than one person to deal with they have a better chance of obtaining a better arrangement for themselves.

Mr. SMITH: What has the Alberta government got to sell?

The CHAIRMAN: Order, order. Mr. Noseworthy has the floor.

Mr. NOSEWORTHY: What do you mean by a better chance?

Mr. MAYBANK: Mr. Chairman, may I say a word. It is five minutes to one now. Is it your intention to adjourn at one o'clock and, if so, will you permit me to make a motion before one o'clock?

The CHAIRMAN: I shall do that.

Mr. JONES: Before you make a motion, many of us from British Columbia know the routes through our knowledge of the province but there are many

members of this committee who do not know the routes. Would it be possible to get a mimeographed map showing the five routes so that members can understand exactly what is being talked about?

The WITNESS: We could indicate the routes by some overlay on this map.

Mr. JONES: I think it would help because many of the members do not know the proposed routes.

The WITNESS: We will arrange to do that if we have the permission of the committee to use this map.

Mr. MAYBANK: May I make a motion, Mr. Chairman?

The CHAIRMAN: A motion to adjourn is always in order. Are you making a motion to adjourn?

Mr. MAYBANK: I am not making a motion to adjourn; I am making this motion: that when this committee adjourns it will do so to meet again at 4 o'clock this afternoon.

The CHAIRMAN: Are you making that motion now?

Mr. MAYBANK: Yes.

The CHAIRMAN: All right, we will put that motion.

Mr. SMITH: Well, Mr. Chairman, just a moment. This committee decided yesterday to meet on your call. Are we going to reverse that now?

Mr. MAYBANK: That decision was with respect to this meeting.

The CHAIRMAN: It was for the meeting today, Mr. Smith, and I think the present motion is quite in order.

Mr. THOMSON: Mr. Chairman—

Mr. LENNARD: Well I think—

The CHAIRMAN: Just a moment, Mr. Thomson has the floor.

Mr. THOMSON: Before the motion is seconded I would like to ask a question of the last witness.

Mr. GREEN: Mr. Noseworthy is not through.

By Mr. Thomson:

Q. You are on the list of people that are forming the company to be known as the Alberta Natural Gas Company and this submission is on their behalf?—
A. Yes.

Q. And any information you have here you have received from them?—
A. Yes.

Q. There is no information here that is of your own personal knowledge?—
A. Well there may be some—very little. This is the company's submission.

Q. And any answers you made to Mr. Smith in his examination were not totally of your own personal knowledge?—A. I think I qualified them as well as I could.

Mr. FERGUSON: He is a funny lawyer if he did not.

By Mr. Thomson:

Q. The answers you gave to Mr. Smith were largely made without personal knowledge?—A. The answers were based upon information as I had it on the points raised and received from my clients.

Q. So your testimony is entirely hearsay?

The CHAIRMAN: Oh, no.

Gentlemen, there is a motion before the chair. Is it agreed then that we shall adjourn until 4 o'clock?

Agreed.

Mr. GREEN: I would point out that ordinarily committees do not meet on Wednesday morning because of caucuses. We had a caucus this morning but in spite of that a meeting was agreed upon. I would not think, however, that it would be fair to ask us to sit again.

The CHAIRMAN: Well, there was a motion that we adjourn until 4 o'clock this afternoon. I shall put the motion.

Motion carried.

—The committee adjourned to meet this afternoon, Wednesday, April 26, 1950, at 4.00 p.m.

AFTERNOON SESSION

APRIL 26, 1950

—The committee resumed at 4.00 p.m.

The CHAIRMAN: Gentlemen, we have a quorum and we might as well start where we left off.

Mr. PRUDHAM: Before we proceed, Mr. Chairman, is it your ruling that the committee will continue to hear evidence as to routes and the feasibility of various routes?

The CHAIRMAN: I would like to hear the opinion of committee members on that point because I am guided by their wishes.

Mr. PRUDHAM: Well, just assuming that it is permitted or established that such will be done, I would like to know if it is permissible for members of this committee to call expert evidence on other routes that are not covered by this company's proposal?

Mr. APPLEWHITE: I think we all agree that the purpose of this committee is to ascertain sufficient facts to reach an opinion in our minds as to whether it is in the national interest for us to give a charter to a company such as is applying here. It is therefore naturally necessary that we know something of the company's plans, and, at the same time, with the set-up as we have it today with the Board of Transport Commissioners still to come, it is not common sense for us to go into the detail as to which side of a mountain we will go or as to how to get across a lake or something of that nature. In so far as the evidence is concerned it must surely be restricted to generalities. We know that the question in the back of everyone's mind is whether or not the route is going to be in Canada. I think that is the main point and, what the company intends to do along those lines I submit is desirable evidence. However, for the sake of clarity, let us keep away from unnecessary detail into which it is not essential that we examine in any event.

Mr. McIVOR: Mr. Chairman, I have not much to say but I have read this brief and I have listened to the very able questions asked and the exposition given, but it seems to me that it all amounts to after Alberta, British Columbia and Canada being served with gas, if the company is not allowed to sell to the United States there will be no pipe line. Is that right or is it not?

An hon. MEMBER: Yes.

Mr. McIVOR: That is the question on which the whole thing hinges—after Canada is served completely—and I think that Canada should be served first.

Mr. DECORE: I have a question or two to ask of Mr. Connolly at this time.

The CHAIRMAN: Shall we decide the matter which Mr. Prudham has brought up?

Mr. SMITH: I would like to be heard on it.

I think Mr. Applewhaite put the thing rather well when he said that this has resolved itself pretty much into a question of whether the route shall be an all-Canadian route or otherwise. Now, if we are not to be allowed to go into the comparative values, if I may use that expression, of an all-Canadian route or of a partly Canadian and partly American route, then it seems to me the sittings of this committee are simply futile.

In other words, there has only been, in the debates in the House, one point of difference—and that is the one that was expressed by Mr. Applewhaite a moment ago. If we cannot dissolve that here, not before any board or anything of that kind, then I have not the least idea of what all we busy people are doing here. If we cannot make a recommendation to the House of Commons then all our debate and questioning here seems to me will have been in vain.

I quite agree with my friend Dan Melvor, here, when he says that he wants the Canadian people to be served first and such surpluses as there is to go to the United States. I think we are all heartily in accord with what he has said but all these questions then arise as to who is going to control this gas in the event that it leaves our border. We all know that the Canadian authorities have control while the pipe line is within Canada, but outside of Canada we have no control whatever.

So, with respect, I am ready to go along with the member for Edmonton West; let us as members of parliament—and this is policy—determine a policy as to whether the route shall be within Canada or without Canada. I certainly think, sir, that the proceedings here should at least be open to that particular extent.

The CHAIRMAN: I think your question was that in case we allow the rule that the route was permissible of discussion, that you would have some evidence that you wished to present in that case?

Mr. PRUDHAM: Yes, Mr. Chairman.

We all know what the situation is. I am from northern Alberta and a lot of people in northern Alberta think that the Yellowhead route is the most feasible place for the pipe line. Now, we do not know but we want to know the facts.

If we are going to spend a lot of time discussing southern routes and some of these United States routes, I would like the privilege of calling witnesses to explain any advantage or disadvantage that the Yellowhead route would have.

Mr. FERGUSON: I would believe that any member of this committee would have the right to call in any expert that could divulge any information of any benefit to this body of men when passing judgment as to whether a charter should be granted to the applying company. If it is going to enlighten us and guide us, we should be permitted to hear it.

Mr. JUTRAS: I agree that we have to decide whether a charter should be granted. However, as far as calling of witnesses on what is outside of this bill—which was the suggestion made by some members previously—that we should for instance call members of other companies which are not concerned in this particular application for charter—

Mr. PRUDHAM: Not necessarily from companies.

Mr. DECORE: There was no suggestion of that.

Mr. LENNARD: We had the expression "expert witnesses" only.

Mr. JUTRAS: Anything that deals with another question outside of this bill would be out of order and we would not have the authority to follow that action.

Now, the reason I got up is to point out that in my opinion anyway we are not called upon to decide whether the route should go through the States or should be an all-Canadian route. First of all I do not think we in this committee could possibly decide that question because we have not got the technical assistance and experts and machinery to do it.

Mr. LENNARD: We could have.

Mr. JUTRAS: No, I do not think that we would ever be able to come to such a decision.

According to the constitution, the Board of Transport Commissioners was created to do that very job. Rightly or wrongly, they were created to do that job.

Therefore, according to our legislation—according to our statutes—it is up to them to make that decision. I have no objection, as some members have suggested previously, to getting information relative to the various routes if it can add to the general understanding of the company, but to tie ourselves down, as Mr. Smith has put it—to decide whether it should be an all-Canadian route or not—I do not think should be a matter for this committee. I do not think we should start any discussion on that assumption. That is not the issue before the committee—the issue is purely whether to give a charter or not.

Mr. CARROLL: There are five routes proposed here, or there are five routes which are going to be placed before the Board of Transport Commissioners. Is one of those routes the one which my friend Mr. Prudham is talking about?

Mr. PRUDHAM: I do not know.

The CHAIRMAN: I think, with the consent of Mr. Prudham, that we can leave that matter in abeyance for decision later. After all, there is a clause about that later in the bill which we will come to and about which we will no doubt have some discussion. I think we had better proceed with the evidence.

Mr. MURRAY: Might I suggest that we do call certain witnesses after Mr. Dixon has been heard. I would suggest Mr. Link as a competent man, and also Mr. Slipper, whose name is mentioned in the brief and also Mr. Stavers, head of the Consolidated Mining and Smelting Company who could tell us about the volume of gas which would be needed for the great industry at Trail. I would also suggest an official of the American Atomic Energy Control Board who could tell us something about the needs at Hanford, Washington.

Mr. GREEN: What about the attorney's general—

Mr. MURRAY: This is not supposed to be a discussion of political matters. It is just to get the facts.

Mr. SMITH: What do you want to call Link and Slipper for?

Mr. MOTT: I think there are values apart from the matter of special localities where people are living. I think the consumer has something to say in this. After all, to run into expensive routes, just to pass through a particular locality, I think would be wrong at the present time. I think we should hear the witnesses that we have today; if we feel that it is necessary to call other witnesses we can discuss it then. After all we have a witness who is a learned engineer and it may stop a lot of this discussion if we can go on and hear him. If we are going to start calling witnesses for everyone who has experts then someone might make a motion to call an expert from England and you would never get anywhere. I suggest that we carry on the way we are and let us hear what the witnesses have to say, and what information they can give us at the present time, and forget about the rest of it as far as experts and other routes are concerned. The witness may be able to give us some information about the routes mentioned, or, of course, he may not.

The CHAIRMAN: With the consent of the gentlemen who have made suggestions, I think, in the interests of the work of the committee, that we had better proceed and we can have some discussion later on.

Mr. MURRAY: Certainly I would not want to delay proceedings one minute. But these gentlemen I have mentioned would be parties to the general picture. Two of them would be great consumers of these products and they would have something to say to the committee.

Mr. HIGGINS: I am only trying to understand this matter—I know very little about it actually, but it strikes me that this morning, arising out of the questions of Mr. Smith, the answers that Mr. Connolly gave with respect to what happens to the gas in the United States and the oil being in bond, had to do with the question of American law. Mr. Connolly very frankly replied that he was unable to answer these questions. I do think, sir, that we should have an expert on the American legal situation before we make our final decision.

Mr. John J. Connolly, K.C., Counsel for the Petitioner, recalled:

By Mr. Decore:

Q. I wish to ask Mr. Connolly a question with regard to page 6 of his memorandum which says this: "The applicants for incorporation are prepared, if authorized by the Board of Transport Commissioners, to build the first described route, which runs through Canada in its entirety to Vancouver. They are also prepared to build along any route which, after full consideration of all the facts, may be deemed to be in the best interests of Canada as declared by the board."

The question I want to put to Mr. Connolly is does that mean to us that the applicant is prepared to build this pipe line along any route of the five routes referred to in this memorandum, or would it take into account other routes that have not yet been studied by this applicant?—A. Perhaps Mr. Dixon can answer that more fully. Certainly, so far as the five routes are concerned, the undertaking means exactly as we have written it—there may be variations.

Q. You do not know whether it takes in any other possible routes?—A. I think Mr. Dixon should give that information.

By Mr. Goode:

Q. I want to ask one question which is in two parts. Mr. Smith made an inference this morning regarding the possible connection between two parties—the Morgan Stanley Company and the Bank of Canada.—A. I have made some inquiries since I was here and apparently Morgan Stanley and Company have no connection with the Bank of Canada.

Q. He also inferred that there was some kind of connection between Morgan Stanley and Company and the federal government?—A. No; I have been given the information since the adjournment, and I understand that the fiscal agent for the government of Canada is the Bank of Montreal through its New York office.

By Mr. Herridge:

Q. Mr. Chairman, I would just like to ask about three or four matters. I am not very well versed in legal procedure but I do know, Mr. Connolly, that it is necessary before a private bill is brought before the House of Commons that the company concerned secure a sponsor to send the bill to the House of Commons.—A. Yes.

Q. Did your principals approach or try to get any British Columbia member to sponsor this bill?—A. I do not know; I was never at any time looking for

a British Columbia sponsor as such. There were British Columbia men who were interested but Mr. Maybank was the sponsor at the last session and he took it on again.

Q. When you were answering Mr. Smith this morning I think he asked you whether there would only be one pipe line built through British Columbia and I think you replied that was so, in view of the market?—A. I think so, but that is a matter for Mr. Dixon, rather than for me.

Q. I would just like to ask a further question in that respect. In case only one pipe line is practical whichever company gets that pipe line through exercises a monopoly as far as distribution of gas is concerned?—A. That may be, in British Columbia.

Q. Mr. Connolly, you mentioned this morning that you referred to the debates in the House on a similar bill last session. As a result of those debates it appears from your evidence that the company decided to include additional names as sponsors of the bill. Would you say that your company's plans and approach to the question have been somewhat changed as a result of your reading of the debates in the House of Commons?—A. No, I think the plans and approach are fundamentally the same and have been from the beginning. I know that perhaps in most cases the names used for the sponsors—the nominal sponsors—are people in a lawyer's office, but it was suggested at one time that the people that were actually interested in it should join as sponsors. That was done. There was nothing mysterious about it. It was simply a step that was taken—but certainly to meet the wishes of the members of the House.

Q. I have just one more question at this time. Did your company approach Mr. Austin Taylor and Mr. H. R. McMillan and ask them to give their support to this company?—A. Well I do not know; I did not do that branch of the work.

The CHAIRMAN: Shall we hear Mr. Dixon?

SOME hon. MEMBERS: Yes.

Mr. GREEN: No, no. I have several questions to ask Mr. Connolly.

Mr. THOMSON: I submit, Mr. Chairman, that Mr. Connolly should never have been examined. He has explained his submission—which is all that a man can do. He admitted to me this morning that any evidence he gave was hearsay and the man that can give forthright first hand evidence is here—

Mr. FERGUSON: He did not admit that it was all hearsay.

Mr. THOMSON: He did.

Mr. FERGUSON: That is your opinion.

By Mr. Adamson:

Q. I have a question which is rather a legal question and I think that Mr. Connolly is the proper man to answer it. It does not refer to any technical matters at all. Can Mr. Connolly inform the committee as to how the case was resolved by either the A.P.L. or by the oil producers or gas producers of the United States who made an appeal to the Federal Power Commission for the prohibition or the drastic restriction of any further importation of gas and oil into the United States. How was that resolved?

I ask the question for this reason: if the Federal Power Commission, as I understand it, is in a position at any time to cut off the importation of gas or oil into the United States, if your people build a pipe line into the United States you are leaving yourselves surely in a position of great jeopardy?—A. On the question of the American oil case I am not competent to answer. The other points in the question are largely questions of fact on which I have not got the information.

Q. But you do know about the case being appealed to the Federal Power Commission?—A. I do not know what the status of it is.

Q. I think this committee should have that?—A. I am sorry I have not got the information.

Q. If they are going to prohibit the importation of gas and oil you are going to have some trouble in running your pipe line out of there?

Mr. DECORE: I submit that we should proceed with the evidence of Mr. Dixon and that Mr. Connolly can be called later.

Mr. MURRAY: I would so move.

Mr. PEARKES: On page 2 of the brief submitted this morning the witness says that: "The proposed company will be closely associated with Alberta Natural Gas Grid Limited, an Alberta company, incorporated for the purpose of operating a natural gas gathering and wholesaling grid system in that province."

I wonder if the witness can inform me as to where that gas will be gathered? Will there be a central gathering point at the extremities of one of those red lines or will the gas seep into those red lines—which I presume indicate the route of the system?

The WITNESS: General Pearkes, would you defer that question to Mr. Dixon because it is one that he can answer.

The CHAIRMAN: Just a moment, gentlemen, we have a motion by Mr. Murray that Mr. Dixon be now heard.

Mr. GREEN: Well just a moment—

The CHAIRMAN: Mr. Green—

Mr. GREEN: Are you ruling out discussion on the motion?

The CHAIRMAN: There is a motion before the committee.

Mr. GREEN: I am entitled to debate it.

The CHAIRMAN: I am accepting Mr. Murray's motion and if you want to debate it that is quite all right.

Mr. GREEN: I suggest that is a very high handed procedure and in effect amounts to—

Mr. MURRAY: Mr. Connolly is a barrister and solicitor representing this company—what does he know about its technical business?

The CHAIRMAN: Order, gentlemen. Mr. Green, go ahead please.

Mr. GREEN: Mr. Connolly has come here and given us a statement and we are entitled to question him on that statement. That was done in the Senate in just exactly the same way last year. There are different questions on which Mr. Connolly alone is informed.

Mr. MURRAY: He is, of course, a lawyer.

Mr. GREEN: We have a right to ask him those questions.

Mr. DECORE: Mr. Connolly can be recalled if necessary.

Mr. GREEN: It is not a matter of recalling him. We have the right to question him when he is on the stand.

Now, Mr. Chairman, you are not surely going to accept the motion which in effect shuts off any further examination of Mr. Connolly. This is the time to examine him and to finish with his story. There is not a great deal more to it and I suggest this is entirely contrary to the procedure of committees in the House of Commons if a closure motion of this kind is to be put.

If that is to be done we all recognize what it is and we can act accordingly. I would like to tell the members of this committee that this project is of more vital concern to the province of British Columbia than any project that has ever been mentioned for that province.

We have the position that the legislature of British Columbia passed a resolution, unanimously, urging that this pipe line go through the Yellowhead Pass because they want to have the development take place in British Columbia and not down in Washington. You can see the map there. These sponsors have marked the routes and the main route is the yellow line. That develops Washington, and not British Columbia. The British Columbia legislature has gone on record 100 per cent as being in favour of the Yellowhead Pass route which will develop British Columbia.

The CHAIRMAN: I would ask you to confine your remarks to the motion.

Mr. GREEN: I suggest that the motion should not be entertained until we have had a reasonable chance to cross-examine Mr. Connolly. Now there are legal matters—for example he said this morning that this bill was the same as two other bills. It is not the same, and I want to ask him about that.

The CHAIRMAN: I would respectfully submit that you will have the opportunity later to ask Mr. Connolly questions. The question now is whether we shall hear Mr. Dixon at the present time. I am sure that Mr. Connolly will be glad to answer any questions after that. I really do not see how you can object to the motion.

All in favour of the motion.—I am going to put the motion.

Mr. GREEN: I beg your pardon.

The CHAIRMAN: You can discuss these things with Mr. Connolly afterwards.

Mr. GREEN: An attempt is being made to prevent us from completing the examination of Mr. Connolly. Why is that being done?

The CHAIRMAN: I think as Chairman I can see that a good deal of the evidence that Mr. Dixon has to submit to this committee will enlighten us and save us a good deal of time and enable members of the committee to ask possibly more intelligent questions of Mr. Connolly later, and therefore, I am going to put the question.

All in favour of the motion made by Mr. Murray—

Mr. GREEN: Mr. Chairman—

The CHAIRMAN: All in favour of the motion of Mr. Murray—

Mr. GREEN: Am I to be prevented from saying anything further? Are you ruling that I cannot say anything more?

The CHAIRMAN: I am ruling that I am going to put the motion.

Mr. GREEN: In other words, you are refusing to let me talk any further on this motion, is that what you are doing?

The CHAIRMAN: If you will confine your remarks to the motion, all right, but if you are talking on the entire bill and the route, then you are out of order.

Mr. GREEN: What right have you as Chairman to rule that nobody else can talk on this motion?

The CHAIRMAN: I do not get your question.

Mr. GREEN: What right have you, got, as Chairman, to rule that nobody else can talk on this motion?

The CHAIRMAN: I say we are ready to put the question.

Mr. GREEN: You will not hear anybody else on this motion?

The CHAIRMAN: I will, if they are talking on the motion.

Mr. GREEN: I suggest that an orderly way to conduct this inquiry is to finish with one witness when he is on the stand and not to be faced with the necessity of breaking off, calling another witness, and then recalling the first one. We will save a lot of time and we will get this story out in the proper way if we carry on in the way that all other committees of the house carry on their

business, and I suggest this motion should not be put at this time. The very fact of the motion being brought in is an attempt made to cut us off—

The CHAIRMAN: Not at all.

Mr. GREEN: —shows that there is an attempt to high pressure this thing through the Committee.

Mr. HARKNESS: Speaking to the motion, Mr. Chairman, I have two or three questions I would like to ask Mr. Connolly, which I think lie in his province in the legal end of things. A considerable number of other people have been permitted here today to ask Mr. Connolly questions, and I do not see why I should not have the same rights as other members of the committee who have previously been able to ask questions. I would ask permission to ask these questions of Mr. Connolly at the present time before this motion is put.

Mr. FERGUSON: I want to assure you that this question is purely on legal matters. Apparently that strikes a current of great amusement among the audience who are doing more filibustering by their nonsensical laughter, buffoonery and remarks. This gentleman is a lawyer. He is a barrister at law. He is not a geologist or an engineer, and I reserved my question until the other people had questioned him thoroughly. My question is purely and simply on matters of law regarding charter, subsidiary companies that only a barrister can answer intelligently. Now, then, am I to be denied the right because Mr. Murray suggests that he would like to question somebody else—am I to be denied the right as a member of this committee to be able to continue with the present witness as is the custom in every court of law in the Dominion of Canada? Am I being denied the right to question a witness, a lawyer on purely legal matters that I am doubtful that my friend, who is a geologist and a learned engineer, could answer? I think it is most unfair, sir.

The CHAIRMAN: Question.

Mr. HIGGINS: I am from the island at the other end of the Dominion and I do not profess to know much about this matter but I feel we should have first things first. I agree with Mr. Green, and the reason I agree is this: I read the brief submitted by Mr. Connolly to the Senate and there could be very considerable differences between that brief and the brief he puts in today, and Mr. Connolly is certainly the one who can answer questions on that as he is the one who prepared the brief. Before we get down to the question surely we should clear up any differences there are in that very field. I do not see how we can possibly question Mr. Dixon until we get those items cleared up.

The CHAIRMAN: Are you ready for the question?

All in favour of hearing Mr. Dixon?

Carried.

Mr. GREEN: Can we have a poll vote on that, Mr. Chairman?

The CHAIRMAN: Yes, certainly.

All in favour of the motion to hear Mr. Dixon, please answer yeu when your name is called, and those against answer nay.

The CLERK: The result is yeas, 28; nays, 14.

The CHAIRMAN: The motion is carried to hear Dr. Dixon. I would ask Mr. Dixon to give a short outline.

Mr. A. F. Dixon, Geologist and Engineer, called:

By Mr. Connolly:

Q. Mr. Dixon, you are one of the incorporators of this particuar company?
—A. Yes.

Q. What is your education, Mr. Dixon?—A. I am a graduate of Harvard College, of the Harvard Graduate School of Applied Science.

MR. ADAMSON: Would you speak a little louder please, as we have difficulty in hearing you at this end of the room.

By Mr. Connolly:

Q. What is your present firm or present business association?—A. I am a member of the firm of Brakow, Dixon, and MacKee which has been in existence since 1919.

Q. What is the business of that firm?—A. Engineers in petroleum and natural gas, and geologists.

Q. How long have you been in that business?—A. Since I graduated from the Harvard Graduate School of Applied Science in 1911 I have been working in geology.

Q. Mr. Dixon, have you had experience in connection with the construction and operation of pipe lines before you entered into this project?—A. Yes, I have had a very large amount of experience.

Q. Would you say what countries you had that experience in?—A. Well, all my experience in the pipe lines has been in the United States to a major extent except in very minor things outside.

Q. Now, would you, for the benefit of the committee, outline the extent of your experience on gas pipe lines in the United States?—A. I was geologist and engineer for the first pipe line in the United States that was built with public financing. That was the Houston Gulf line from Corpus Christi, Texas, to Houston. That was in the year 1928, I think. Before that I had been working on a great many other small enterprises, estimating gas reserves. Starting in, I think, in 1924, I did my first work on natural gas. No, that was not quite right. I worked on natural gas for the United States government during the first world war, making estimates for them of the reserves of natural gas in Texas and Louisiana. I worked on a whole series of small enterprises. This one that I just mentioned grew into the United Gas Company, which is now one of the large gas companies in the United States. I was engineer, making the surveys and constructing the line as inspector and engineer of the line from Houston to the northern part of Louisiana. That was in the year 1929, I believe. Then I worked as a geologist for the Southern Natural Gas Company which is a line from Louisiana to Alabama and Georgia. That was a line about seven or eight hundred miles long. I worked for the Missouri Kansas pipe line, which started an enterprise to build a line out of Hugoton, Kansas, and the Panhandle field of Texas. I did a good deal of work on that, making the field surveys as to how much gas would be consumed. My partners did the work on the gas reserves and I was in charge of the construction of the line up to the time it was built to Indianapolis. That was a line of about 950 miles in length. It has since grown into a line extending all the way to Detroit and, I think, counting the double lines, it is three thousand miles in length. I am not quite certain just how many miles of line we have, but that is one of the great gas lines of the United States. Afterwards, I became a director of that company for a good many years.

I was among those who promoted the Tennessee line, which is a line which starts near the border of Mexico. The first project ended in west Virginia and it is now being extended to Buffalo. That was originally a line twelve hundred miles in length. That was built during the war. I was the consulting engineer during the construction of that line. I had been the engineer, at the start, of the El Paso line, did the work for them in estimating the gas reserves, estimated the market and built the line. That original line, which was about two hundred and forty miles long extended from Lea County in Mexico to El Paso and its environs. That was in the year 1928, I think. That line now has been extended

to California and is one of the great lines of the world. I am still their consultant on gas reserves and other matters.

Mr. SMITH: On what other matters than reserves?

The WITNESS: Markets, and some things, on construction.

Aside from this, I have done work in a small way for other companies such as the Transcontinental, which is a line from Texas to New York. All I did for them was to make some estimates on a part of their gas reserves to appear before the Federal Power Commission.

I have appeared before the Federal Power Commission, many regulatory bodies, state bodies, and the Department of Justice of the United States. I qualified as an expert on construction, markets and gas supplies.

The start of the present enterprise was really about four years ago when in looking at the map of the United States we decided that one part of the whole North American continent that did not have any gas was Vancouver, south to Portland. I was at that time working in California and we drove up and looked at the market in the general region along the coast and we decided that that certainly was an excellent market for gas. I then went back to New York and our first idea was to build a line from the Hugoton field in Kansas across Wyoming down to Portland. So I drove along the length of the route making a rough sketch, marking on a map as I went along and trying to make an estimate of the costs. That was, of course, a very long line, but it looked fairly feasible, but it seemed that we might find a place that was nearer, so I went up to Alberta.

Mr. CONNOLLY: Is this the first time you had ever been in Alberta or had any association with it?

The WITNESS: I had been in Alberta quite a few years ago along the southern boundary when I was looking at the gas fields there where they had a little extension coming down to Shelby and those small towns there.

Mr. SMITH: That is just used for power in drilling oil wells, that little stub, is it not?

The WITNESS: Yes. My partner, Dr. Brokaw, had worked in Alberta thirty-eight years ago while he was still in college. In the year 1934 I was given the job of making a study of bringing gas from the Turner Valley field to Winnipeg. We worked on that and as of that time decided that it did not seem feasible to bring gas that great distance for the comparatively limited market there and so nothing was done about it. About three years ago my partner did some work for the Flin Flon mines to try and get gas in Saskatchewan. There was not much gas there. At least there didn't seem enough to justify building a line back into Alberta where there was an abundance of gas, making the gas more expensive than the fuel they had, so that project was dropped.

So, we had Alberta somewhat in our minds for many years. I went to Alberta and first thing called on Mr. Tanner who is the Minister of Mines, and all the gas companies there, and got such information as I could on the gas supply, and it seemed to me they had—this was over four years ago—enough gas to justify a line. I then started to see if there could be found a route from Alberta to bring the gas to the coast. I first went through the Kicking Horse Pass, around the Great Bend, through Kamloops, and down the Fraser river. That looked like a reasonable route on the map but it soon proved to be one that was utterly impossible on both ends. I then came back and went down across the Banff national park, down to the Radium Hot Springs, down to just opposite Trail, and then in to Cranbrooke. I had a small plane and flew over the mountains there, there being no road in that immediate region going towards Trail except those making a long circuit around the mountain. I came back through Kicking Horse Pass and then went south around to the Glacier national park in the United States. That route did not seem at all feasible.

Then we worked back from Vancouver. At that time the road had not been started going up towards Hope—the recent road that has been constructed there is through Princeton and Hope—and then I came through the Yellowhead pass north of Kamloops and although I did not make a very careful study I thought I saw enough of it to think that there were other better routes.

I then went down to see if we could find some way to get across the mountain barrier and found that there was a tunnel between Vancouver and Seattle that had been abandoned by the Great Northern Railway which took away the difficulty of going through the Cascade range. Then we studied that route with considerable care.

After we had done this work, which involved two summers of work, we then decided, the group that was doing this with me, two other gentlemen and my partners—we had put up all the funds for that work up to this time—we decided that we had possible routes, a good market and plenty of gas, so we felt justified in getting other people to come in with us, folks who had been associated with us in other enterprises, to put in money with us and we started to hire people to do some more work. We then hired Mr. Slipper and others to work on the geology, and also my partner worked on the gas supply. My partner worked on that while I worked chiefly on making the contracts for the purchase of the gas and the market and the routes. We hired the firms that are controlled by Alfred Swinerton, who is an engineer and contractor whose main office is in San Francisco. We thought that he was the most competent person for such work, as he had built the line from the Barco concession in Colombia near Venezuela across a branch of the Andes mountains into the valley of the Magdalena.

I was familiar with that country and knew how difficult it was to build anything. He also built the oil line in the United States coming into Salt Lake City. He is a well known and extremely competent contractor and engineer. One of the companies that he controls, the Haddock-Engineers as well as the Pacific Pipe Line and Engineers Limited, made an agreement to do work for us in locating a line. For two summers they have been working back and forth across that country making a survey, and the result is that we have picked out what we call five routes. As you can see by the map on the wall, some of the routes join in with the others, so you can see there are many more routes than that because it depends on how many times you would tap into the United States.

There is one route we have that goes entirely through Canada as far as Vancouver. The other one goes south to a point near Spokane, then crosses to the flat plains of Washington to the Cascade mountains and then through the tunnel and then branches, the main branch going north, and another branch going south. I think you can see the different colours on this wall map. This red coloured route is an all Canadian one until it reaches a point near the border in British Columbia, where it comes down to Portland and to Seattle. The other line leaves British Columbia, at Kingsgate, comes down to Spokane, then goes through the tunnel. It is more or less the line from here going both ways, it is common to all the different lines.

Another projected line leaves British Columbia at Kingsgate, comes down to Sandpoint, follows around close to Trail and then comes to a point a little west of Allison Pass. Another project comes across to Trail, then drops out of Canada into the United States just south of the border and goes to Allison Pass. The company for which we are now asking a charter starts at a point near Pincher Creek which is here. All the rest of the line is all in Alberta and is what we call a Grid System. This grid system will take the gas from the various fields and we are constructing it of such a size and capacity that if for any cause the gas declines in the Turner Valley field which now supplies the major portion of the gas in Calgary, our system would be able to supply all the gas to Calgary with hardly any change except for a few compressors.

The gas will be brought from here (indicating) through the Kicking Horse Pass which is by far the best pass that I have seen through the mountains—

Mr. GREEN: The Crow's Nest Pass—

The WITNESS: —down to this point (indicating)—that is common to all projects. The thing that has not been determined is whether the line should follow this yellow route, the red route all the way, or the blue route, or any various combination of those routes. Of course you all know that part of the route is flat open plains and fairly easy to go through all the way from Kingsgate to the Cascades. From this point there is a very high mountain range with no roads and it is a very difficult route.

Along this route it is very twisty and difficult, because of the fact that the ground is moving. They have a route that has been constructed there through Allison Pass and they estimated the cost at \$4,000,000 but it cost \$12,000,000 because, as they cut into the side hills the hill moved across. That makes for very difficult pipe line construction. That is what makes the line more costly in going through the Canadian routes. It is just the difference in terrain.

I have an estimate of costs of construction of these lines which I think might interest you. These costs include both pipe lines and compressors. As you can see, taking all that route—(indicating) practically all of the gas comes to this point (indicating) and then a large part goes south. Coming through this route (indicating) then the gas is divided and goes in two directions. That makes necessary different sized pipe in two different projects, but everything is figured on the same amount of gas in each project—excepting here at the atomic energy works which is too far off if we go on the all red route. You could not supply that market on account of a range of mountains and the great distance from here to here (indicating).

Mr. PEARKES: Could the witness indicate the Yellowhead route?

The WITNESS: The Yellowhead route starts at Edmonton—I have heard the testimony in regard to the route although I claim to be no authority on it but I have been through it. It comes through Yellowhead Pass by Mount Robson and then it follows down somewhat along this railroad here (indicating). There is no highway through here—or at least only a very poor highway. I have been through here on the train and I have gone up part of the way here (indicating) as far as you can go in a car and then you take the train down here (indicating). It is all difficult construction, both through the Yellowhead and in the regions down here (indicating). It was certainly such that other routes seemed to be more desirable at the time. We are still working and expect to work all this summer on these various routes. It is a big job and takes a long time.

Now route A is the all red route and the estimated cost for that—over and above interest and incidentals, organization expense and a whole series of other expense which would be common to any route—was \$78,806,000.

By Mr. Green:

Q Is that down to Portland?—A. Down to Portland, yes. They all cover the same markets excepting that only one can get to the atomic plant.

Q. How much is it to Vancouver—that line?—A. I do not know whether I can give that. This is highly academic because you cannot build a line to Vancouver unless you go ahead and build away from there.

Q. You can tell the cost to Vancouver and then from Vancouver to Portland, can you not?—A. Now on route A, that is the red line, it is about \$47,000,000 to Vancouver.

Q That would be about \$31,000,000 then from Vancouver to Portland?—A. No, the other branches and so on make it a little more difficult than that.

By Mr. Harkness:

Q. What point of departure are you taking for that route?—Are you taking Pincher Creek?—A. Yes; it is a little further over than Pincher Creek—no, in this one I am taking Pincher Creek.

Q. This is exclusive of the grid system—the gas gathering grid system?—A. No, the grid system is common to them all.

Q. But the point I am making is that the figures you are giving are exclusive of the grid system in Alberta?—A. Which figures do you mean?

Q. The figure of \$78,000,000 and then \$47,000,000?—A. That includes the grid system.

Q. It does not?—A. It does. I thought you were trying to make a comparison between two different routes.

Q. You said that the point of departure was Pincher Creek?—A. I was answering another question which I thought was about the difference in cost from one point to another. That is a little difficult to answer because you must give it on the basis of the over-all cost of the whole enterprise.

Q. My question was whether Pincher Creek was the point of departure and the basis on which you compiled the figures of \$78,000,000 and \$47,000,000, and you said yes.—A. No.

Q. Pincher Creek is not the point of departure?—A. I was wrong—if we misunderstood each other—

Mr. GOODE: May we just get the figures first and then members may ask all the questions they want. It is especially important to the members from British Columbia and we will only be confused.

Mr. SMITH: That is not true of anybody else.

Mr. GOODE: Speak for yourself.

The WITNESS: I think I might give some figures which will answer the question. The grid system is \$23,872,000. The Alberta Natural Gas Company's main 24 inch line starts at a point near Pincher Creek and goes to a point near Vancouver. The cost for the all-Canadian route is \$47,829,000. The Spokane lateral which would come down here (indicating) would be a twelve inch line.

By Mr. Smith:

Q. It would not be a twelve inch line, following that pink route?—A. That would be just a line to Spokane. I think I have some error here—I have a figure of about \$100,000 but I think there is something wrong here. That is not a very large part of it—it may have been rubbed out.

Q. It would be a main line, the same size as the other?—A. The line which is here is a twenty-two inch line costing \$1,385,000; and the lines around Cranbrook and Kimberley come to about \$2,500,000. That, with a few little branches makes a total, including the Alberta Natural Gas Company of \$73,465,000.

Mr. GREEN: What was the one down to Portland? I did not hear it? You were speaking towards the map when you gave that figure.

The WITNESS: I have not got that, wait a moment—all the figures I have given you are for the lines in Canada. The line going into Portland is \$13,409,000. That is the line in the United States branching off from the main line to Vancouver.

The Spokane lateral which is twelve inch is \$3,602,000. That is the part in the United States. The other figure I gave you of \$100,000 was for the part in Canada. You see how the lateral coming from here on down is partly in Canada and partly in the United States.

Mr. SMITH: What is the diameter, O.D., of the pipe south to Portland?

The WITNESS: Twenty-two inch to a point near Seattle and twenty inch from there to Portland.

Mr. SMITH: O.D. means outside diameter, does it not, just so we will know?

The WITNESS: Yes, sir. Then we have various other laterals.

By Mr. Green:

Q. What are they?—A. Those are laterals in the United States. A lateral to Everett, to Tacoma and Centralia.

Q. To Centralia?—A. Yes. Then we have the compressors which add about another \$20,000,000 to it. Altogether, on this line, the total cost, which I suppose is the thing of greatest interest, is \$92,000,000 in Canada and in the United States is \$18,500,000, making a total of \$110,604,000.

Q. That is on the all-Canadian route?—A. That is the all-Canadian route.

Mr. FERGUSON: What is it for the American route?

The WITNESS: Well—that includes the line to the atomic plant which is really not making a comparison—I have a figure of \$61,862—but if that was left out, I could not give the figure.

Mr. GREEN: You could work out figures for each could you not?

The WITNESS: Yes, but you must consider these figures as somewhat general as it is pretty hard to make a direct comparison. Different sizes of pipe are needed when you are going in different directions and as near as we can get in going over the route that is most American as against the route that is most Canadian—that is all-Canadian actually to a point near Vancouver—the cost is \$78,806,000 as against \$61,602,000.

Mr. FERGUSON: \$62,000,000 as against \$79,000,000?

The WITNESS: Yes.

Mr. SMITH: The compressors are included in both figures?

The WITNESS: Yes.

By Mr. Green:

Q. You had a figure of \$110,000,000 odd on the Canadian line. What is the corresponding figure on the line which goes through the States?—A. \$94,645,000.

Q. How much of that is spent in Canada and how much is spent in the States?—A. \$45,640,000 is spent in Canada and \$49,005,000 is spent in the United States, making a total of \$94,600,000.

Q. There is more spent on that line in the United States than in Canada?—A. Much more is spent in the States on that one. Of the \$110,000,000 there was only \$18,500,000 spent in the United States.

Mr. HARKNESS: Mr. Chairman, this information in regard to costs, as far as I am concerned, has become very confusing. I am quite familiar with the geography out there, having driven over it several times, and I think that people coming from other parts of the country must be terribly confused as to where these lines are and as to their cost. In order to clarify the situation I would suggest that it would help the committee a great deal if Mr. Dixon could prepare a table showing in a simple form route one, from Pincher Creek to Vancouver all-Canadian and the total costs, and route two, from Pincher Creek through Spokane to Seattle, or wherever it goes, and deal with the other routes in the same way, specifying the main places and the total costs in each case. Then we would have it in a form which we could readily assimilate.

The WITNESS: Yes, I have practically prepared that information right here.

Mr. HARKNESS: My point is that we are going on and everyone is getting confused.

The CHAIRMAN: Yes, for those of us who do not know the terrain that might help. Could you do that?

The WITNESS: I could do that tonight.

The CHAIRMAN: And have it for the next meeting?

The WITNESS: Yes.

Mr. McCulloch: Have it broken down by different numbers.

The CHAIRMAN: Will we go on then to the other phases of the project?

By Mr. Green:

Q. Have you got any figures on the other three alternate routes?—A. Yes, the route that is red to Trail, which is here (indicating) and then blue to Osoyoos, and which follows on to there (indicating) will cost \$76,550,000.

Q. About \$4,000,000 cheaper than the other route?—A. Yes. It is interesting to note that the distance on the all red route is 1,011 miles—that is the one that we are calling the all-Canadian. The American route is 930 miles. It is much shorter to come down this way than it is to go across (indicating), strange as it may seem, because you must dodge around among the hills so much. Now the route which we call route D is the same as the all red here, and then blue to here, and then joins the main line of the red route again. The cost is \$77,740,000.

The route which we call route E leaves British Columbia here (indicating) and follows the blue line back to Osoyoos. The cost there is \$75,980,000. That is cheaper, although the route itself looks a great deal longer.

Q. Have you got the mileage for the other three routes?—A. Route A is 1,011 miles; route B, which is the orange part is 930 miles; route C which is red to Trail and blue to Osoyoos is 1,013 miles; route D, which is along the blue and yellow to Trail is 1,015; route E which is the all blue route is 1,020 miles.

By Mr. Parkes:

Q. Are those figures to Portland or to Vancouver?—A. They are over-all figures.

Q. To Portland?—A. Yes.

By Mr. Green:

Q. From Pincher Creek?—A. It is taking in the same places.

Q. From Pincher Creek? Do they start at Pincher Creek?—A. They start at Pincher Creek. To make an over-all comparison we had to take in the same towns because they are all to be reached by the system.

Mr. FERGUSON: May I remind you, sir, that you would not have had all this trouble if your boys some years ago had not started hollering "54°40' or fight".

Mr. MCGREGOR: When we get the different routes could we have a sketch that we could look at. You say for one part it is so much, and then you get another figure if you take another part and son on—I do not think that anyone is much wiser. I think that we should have a sketch representing the cost of each route and one which shows each route; then we would have something to follow.

Mr. SMITH: May I ask you if those distances you have mentioned have been measured or are they from scale?

The WITNESS: They are from scale, but we have gone over practically all of this excepting the open plains, either on foot or on horseback.

Mr. GREEN: How far is it over your route from Vancouver down to Portland? That is common to all.

The WITNESS: That is common—it is 279 miles.

Mr. PRUDHAM: Mr. Dixon, would you care to estimate the length of the Yellowhead route, if they were to use that, from Edmonton?

The WITNESS: I do not know; it was given in the testimony in Alberta, but I have not got a transcript of it here.

By Mr. Green:

Q. Have you got any costs on the Yellowhead route?—A. Nothing except what they gave—I have my own ideas but it has never been worked out.

Q. You never worked out an estimate of what the Yellowhead route would cost?

Mr. MURRAY: Would you care to do so?

The WITNESS: No, that would take two months.

The CHAIRMAN: Mr. Smith, you are next.

The WITNESS: You would also have to wait for the snow to leave the ground; you cannot make an estimate when the snow is governing everything.

By Mr. Smith:

Q. I would like to follow up the suggestion made by someone that we have a sketch plan. Mr. Dixon is saying "from here to there" but we have nothing to follow—I am not blaming you, Mr. Dixon, but I was thinking that when you are making the sketches which you will give us at some time convenient to you, where the routes turn you should put down the names of the towns or the mountains or places so that we, sitting here, can have an idea of what we are discussing. You see, a transcript is being made of this but it does not help one to see in the transcript the words "from here to there is so many miles," when you do not know where "from here to here is." When you are doing that I would think that all you would need to do would be to include the junctions or turning points and we could understand it very easily.—A. Yes, I think I could do that for tomorrow.

Mr. GREEN: Have you figured the distance of the Yellowhead route?

The WITNESS: No, I have not figured that. It was all given in the testimony, although they testified that they had not been within ten miles of parts of the route so I do not know what degree of accuracy they have.

Mr. SMITH: Well, if we are going into that, I might say that I have read the testimony, Mr. Dixon, and I do not think that we want the whole of the testimony given in Alberta put in here. I do not think that I would open the door if I were you.

Mr. CONNOLLY: Mr. Dixon, would you have something to say, not only about the cost of construction, and the cost of maintenance on the various routes but with particular reference to the rates to be charged to consumers.

The WITNESS: Of course the cost of the line must be borne by the people that buy the gas, unless the government can subsidize them—which I have never heard of being done—and the more expensive the route is, other things being equal, the more costly the gas is.

Mr. SMITH: And that can be figured accurately, can it?

The WITNESS: If we know the difference in cost it can be figured accurately as far as the interest on the investment is concerned but there is another item which may be very large which, in this case, is extremely difficult to figure, and that is the maintenance cost. If we are up in high mountains, difficult of access, with no public highways nearby, naturally the maintenance cost will be much higher.

By Mr. Prudham:

Q. Is it necessary to have a highway to service the pipe lines?—A. Naturally the line should be walked every day.

Q. But would you need a highway to service it?—A. It is nice to have a highway but you must have access to it. You do not need a good highway but we want a highway that you can take a caterpillar tractor over. It is better

to have a dirt highway that is not much good to drive an automobile on rather than to have a fine highway because the highway authorities will not allow you to carry equipment over a good highway.

Q. That is, for construction?—A. For maintenance, too. You have to get heavy equipment there for maintenance. You cannot manhandle twenty-four inch pipes. You have to have heavy equipment there to do anything. When you have a break, it is essential to get caterpillar equipment there immediately.

Q. And would proximity to a highway cheapen the cost of construction?—A. Yes, it cheapens the cost of construction a great deal. A very large item in the cost of the line that we are contemplating through the all Canadian route is the cost of access route.

Q. Would not the Yellowhead Pass be more accessible than some of the southern routes from the standpoint of highway construction?—A. I do not think so. As I have said, I have not driven over the route as there was no highway passable at the time I was there.

Mr. DECORE: How long ago was that?

The WITNESS: That was last summer. It was possible to get through with a car but it was very difficult, and excepting for this one big crowd that came through on a sort of a party trip to show it was a good road, I never heard anyone that had driven over it, but it is being built now.

Mr. GREEN: The Yellowhead Pass is a good many hundred feet lower than the Crow's Nest Pass?

The WITNESS: The actual difference in elevation is of very minor importance. You can go up and down with a pipe line without any difficulty. The great thing you must avoid in a pipe line location is not to have slide hill cuttings. That is the worst possible thing, for that is apt to cause movement of the earth and it is very hard to maintain.

Mr. MURRAY: What about snow slides?

The WITNESS: A snow slide itself would not do any damage except in regions when they have a thaw, the ground is apt to move. That is the great trouble with the Allison Pass route. That is what occurs there. The ground is in continuous movement. I do not know whether it will settle now or not. We can tell better this spring. The road has been there only a short time. As soon as the snow is all off the ground we can see whether the whole hillside is gradually moving down.

Mr. PRUDHAME: Does the pipe have to be covered with earth?

The WITNESS: Yes, you bury it entirely to at least eighteen inches above the top of the pipe.

By Mr. Adamson:

Q. Mr. Dixon, you have mentioned two mountain passes. Now, just to make it absolutely sure, is it the Kicking Horse Pass or the Crow's Nest Pass you are going through?—A. We are going through the southern pass, the Crow's Nest Pass.

Q. But you mentioned the Kicking Horse Pass.—A. That is the one I mentioned I was through originally. That is a delightful scenic route but it is not a very good pipe line route.

By Mr. Connolly:

Q. For the benefit of the committee, Mr. Dixon, would you make some comments on the cost of gas for consumers in Vancouver, let us say, depending on which route is followed here?—A. I think the total cost, assuming that eventually Vancouver takes considerably more gas than the people of the gas

company there now estimate, that the total burden on Vancouver will be in the order of a million dollars a year due to the difference in the routes. That is, for Vancouver and the surrounding territory. It is a very hard thing to figure exactly but it will be somewhere between \$700,000 and \$1,200,000 that they will have to pay extra year after year.

By Mr. Ferguson:

Q. Assuming the communities between Vancouver grow up, would that not reduce the cost? I do not understand that question? If the pipe followed an all-Canadian route and the communities along that route grow up, would that not reduce the Vancouver cost?—A. It would reduce it just exactly the same as the Vancouver rates.

Q. So there is a possible reduction in the future rate along the line, not simply to Vancouver?—A. The same thing could apply if it was going through Washington and that community grew. It would lower the cost for everybody when you have a line here.

Q. You have to make so much money out of the entire line?—A. Yes, and where we sell it we are regulated by two governments, two states, and two provinces, and we certainly will not have a chance to charge more for the gas than we should.

By Mr. Green:

Q. If you use the all-Canadian line then the American cities of Seattle, Tacoma, and Portland would have to pay more than Vancouver, would they not?—A. If you use the all American line?

Q. No, the all Canadian line?—A. Well, you can look at it this way: Less than a quarter of the gas will be sold in Canada, that is generally admitted.

Q. Over three-quarters of it is to be sold in Washington?—A. Sold outside of Canada. Now, we are regulated in the United States, and whether or not the Federal Power Commission would allow any gas to come into the United States if there was a big differential against the States, I do not know.

MR. GREEN: Well, you certainly would not make Vancouver pay as much as Seattle or Portland if they were at the end of the line?

THE WITNESS: Ordinarily it makes no difference. Spokane, Seattle, Portland and Vancouver all pay the same. It would be the ordinary method of calculating the cost of gas.

By Mr. Ferguson:

Q. Would that be regardless of the route?—A. Regardless of the route. That is a principle that has been almost universally applied in the United States. Those who are located nearer the source and a short distance away, say that they should get a lower rate but as you know the cost of gas depends on the amount of gas you carry because you can carry a very large volume of gas at a great lower unit than you can a small quantity. Therefore, taking this cost Portland would have as much to do with the total load and the total cost and the overall expenses as Spokane, say, which is the nearest point.

By Mr. Prudham:

Q. Would that apply to Alberta consumers as well?—A. Well, the Alberta consumers are in a different category.

Q. Alberta consumers using the Grid system?—A. We do not expect to supply any consumers direct. We expect to supply them at the city gate.

Q. All right—to the company that supplies it to the consumers then?—A. That will be regulated by the Alberta Public Utilities Commission.

Q. Does the whole system share the cost of the Grid system in Alberta? Does the entire pipe line system share the cost of the Grid system in Alberta?—

A. The entire cost of the Grid system will be borne by the enterprise, the entire cost. Then, as gas is supplied to other communities that will be up to the Albertans to determine what the cost will be. But they will be getting it at a much lower price than in any other way as it will be an incremental cost.

Q. Does it make any difference which end of the Grid system is tapped; does it make any difference whether it is from the north or the south end you take the gas for export? Does it make any practical difference at all?—A. An enormous difference, yes sir, because the main supply of gas—this is a matter of opinion—but to my mind the main supply of gas is in the southern part of Alberta.

Q. Do you not think that situation is changing fast?—A. No, sir. I think it is just the opposite.

By Mr. Smith:

Q. A lot of people disagree with you on that?—A. There are some but I think many people agree with me.

Q. Men like Drs. Knauss, Dodge, Link, to name only a few?—A. Well, as you say, it would take a month's discussion to go into that.

By Mr. Ferguson:

Q. Mr. Dixon, the Grid company is, I presume, an Alberta chartered company?—A. That is right.

Q. That company will be owned exclusively by the stockholders of the major company?—A. No, forty per cent of the stock of that company will be at least, and maybe much more will be owned by people in Alberta.

Q. The control would be entirely in your hands? A. Well, in a way, I think I would say yes, the control will remain in our hands.

Q. Sixty per cent stock ownership will assure that?—A. I think that we, being the people who knew more about it, would be in control with forty per cent.

Q. The Grid system collects that gas?—A. Yes.

Q. Manufacturers and people living adjacent to the Grid system, will they be paying the same price for their gas as the people in Washington?—A. I do not understand the question.

Q. Will the plant and the users, consumers, living adjacent to the Grid system, be paying the same money as the consumer in Washington?—A. No.

Q. Now, just a little while ago, I must have misunderstood, I believe you said they must all pay a uniform price for the gas?—A. That is on the main big line.

Q. So therefore, Vancouver would pay identically with the state of Washington?—A. Yes.

Q. Would not the state of Washington have control as to what price you could charge the consumer?—A. No.

Q. They have no control over that whatever?—A. That is a question—I am not a lawyer—but I have heard a great deal of conversation on it. It is the Federal Power Commission that has control there.

Q. But as a rule, if you desire to enter a community and establish a gas supply company, I think you would have to assure them before you would get a franchise as to what price they would have to pay.—A. We would not sell any gas at retail.

Q. I beg your pardon?—A. We do not expect to sell any gas at retail.

Q. You will sell to the people who have that franchise already?—A. Yes, the only exception to that will be in the gas supplied to the Consolidated Smelting Company at Trail and to the atomic commission.

Q. Why are they getting a special price?—A. They have a very large market.

Q. Of their own?—A. Right there, of their own.

Q. A larger market than the city of Vancouver?—A. The two combined have.

Q. Trail and the atomic commission?—A. Yes, they have a much larger market than the city of Vancouver.

Q. If you are permitted to operate within these communities you will have to make a contract at a certain flat rate?—A. We cannot make a contract until we get our charter.

Q. You would?—A. We will try to.

Q. But that has been under discussion?—A. Yes, for a long time. They have given us estimates of the amount of gas they will take.

Q. Has the city of Vancouver negotiated with your company in any way, shape, or form regarding price?—A. Not at all, nobody has.

Q. Distributors there at the present time, have they made any agreement to your knowledge with the city of Vancouver as to the price they will pay to purchase from the distributing company?—A. No.

Q. So they have not any idea of what benefit they are going to derive from this project?—A. Yes, they have very definite ideas.

Q. They have had no discussions on it so they must be surmizing?—A. They are surmizing to this extent that they do not know what the cost of the construction is going to be.

Q. Do they have any idea whether it is going to be twenty per cent, forty per cent, or sixty per cent less than their present cost?—A. We have discussed it with them and our sale will be on what is known as a demand and commodity rate, and all we can earn in this project is the amount fixed by the government. We can earn so much on what we have spent and no more. So the cost of the enterprise, provided we can sell our gas is something that is immaterial to us.

Q. The cost of the gas is immaterial because you only charge so much?—A. Because we can only earn so much. We have to charge enough to earn that and we cannot charge any more.

Q. Do you mind stating the maximum rate you can earn on your costs?—A. It is six per cent in the United States and I think seven per cent in Canada, I am not certain.

Q. Good old Canada, seven per cent for Canada.—A. That, I think, is the rate now.

Q. Is that the law of this land?—A. I beg your pardon?

Q. Is that the law of Canada?—A. I do know what it is in Alberta.

Q. Well, before we pass the charter we ought to pass that on to the committee.

Mr. Morr: The gentleman here is from Ontario (Simcoe North). I come from British Columbia and I am under the public utilities there and that rate of return has nothing at all to do with the whole country. I understand the public utilities selling wholesale in British Columbia are allowed five per cent. I thought that Mr. Green would probably know more about that than I. I think the public utilities profit in British Columbia is five per cent. That is what the British Columbia Electric, who handles this gas, is allowed to make selling to the consumer at retail, they being a wholesaler.

By Mr. Ferguson:

Q. This pipe line is going through Alberta and British Columbia. I am asking this for the people of British Columbia. I am as interested in them as you are, probably. They are permitted to earn—these people are going to be

permitted to earn for the exclusive franchise of running this line from the field where the gas is got—they are going to be permitted to earn over and above their total expenditure, and I understand that there is a law to that effect, but is that a state law which says you cannot earn over six per cent, or is it a federal law, Mr. Dixon?—A. It is not law, it is the Federal Power Commission that says that. They fix what they call reasonable earnings. It used to be six and a half per cent.

Q. And our commission here is easier, for you are going to be permitted to earn seven per cent in Alberta?—A. But that is not the law.

Q. I want to see why it is six per cent in the United States—Is it state, provincial or dominion law—and I want to know why it is seven per cent in Canada. It is time we learned in this committee that they are getting seven per cent instead of six per cent from Canadians on the same project.

Mr. PRUDHAM: That is in Alberta.

By Mr. Ferguson:

Q. Are you only going to be permitted to earn seven per cent of your money in Alberta and not in British Columbia?—A. I do not know the rules in British Columbia.

Q. I am not sure, because in the United States it is a federal law, a federal commission, so if we have not got such a thing in Canada it is almost time we introduced it to our committee.

The CHAIRMAN: That is out of our jurisdiction.

Mr. SMITH: Mr. Chairman, I think I can clear this whole matter, about the Alberta situation, up in a minute. I have been in all the gas inquiries for the cities of Calgary and Edmonton ever since they had gas. The situation is this: they set up a capital structure and then they are allowed to earn a given percentage on that. That percentage was not the same, for example, in Calgary as it was in Edmonton because of the risk factors, depreciation factors and all of these things which enter into it. As you know, when you lay a pipe line through alkali country, electrolysis sets up and the pipe disappears a lot faster than if laid over rock. It fixes a percentage having regard to all the various factors in any project. That principle, I assume, will still carry through and I still agree with the gentleman here that in British Columbia they have such a public utilities law, they have such a statute in British Columbia.

Mr. APPLEWHITE: I think those regulations apply to all companies concerned and therefore do not refer to the operations of one particular applicant.

Mr. MURRAY: What would be the volume to Trail and to the atomic energy plant, per year, do you know?

The WITNESS: To Trail, the president has told us, through his engineers, that it will be a minimum of three billion a year and possibly 5.3 billion a year depending on their success on some processes they are working on now.

Mr. SMITH: What amount of coal will that supplant?

The WITNESS: Very little, I am told. The coal that they use there is mostly used where they require a hard fuel. It is fuel oil it will supplant.

Mr. MURRAY: What about the atomic energy plant? What will their consumption be?

The WITNESS: I am not free to give the exact amount. Maybe I have talked too much but it is a great deal more than that.

By Mr. Connolly:

Q. Mr. Dixon, would you say something about the available supply of gas for this line from Alberta? Could you tell us how much you think it might be?—A. In my opinion there will be abundance of gas from Alberta in increasing amounts in the next thirty years and far more gas than there is now in fifty years. There has been very little development in Alberta on gas because there is no market. All the drilling practically has been done in search of oil. It is remarkable that such large volumes of gas have been discovered where there is such a very limited local market for it. I think we will be able to prove when we go before the board in Alberta that there is an abundant supply of gas indicated there for an extremely long period of time, both for export and for local use.

By Mr. Smith:

Q. How many trillion feet do you figure proven reserves now, or perhaps you would rather not tell me now?—A. I figure in what you would call really proven, on which people have differences of opinion, that there is somewhere in the order of six or seven trillion, but the indicated reserves from a bunch of scattered wells is greatly in excess of that.

Q. The last I heard was six and three-quarter trillion. Did you hear that Dr. Hume of the Dominion government was making a new survey and will have a report on it ready in about a month?—A. I have heard he was going to.

By Mr. Adamson:

Q. Before this committee adjourns, I want to make one suggestion to you, sir, and to the committee, which I think will be helpful and that is this: we have had a rather definite discussion on the possible markets. Now, you have spent a quarter of a million dollars and you have unquestionably made quite an extensive survey of your market and I think tomorrow it will assist the committee if you come and give some specific idea on your present markets or potential markets so that the committee will be informed on that question.—A. I can give it to you right now if you wish.

Q. It is three minutes to six and I think we will be adjourning in a minute or two.

Mr. MORR: I would like to make a motion at this time to the effect that we adjourn until 11:00 o'clock tomorrow morning.

Mr. GOODE: Before that motion is put I want to clear up one point. Do you think, Mr. Dixon, the penalty in the lower mainland market area would be a million dollars per year differential between the all Canadian route and the all American route?

The WITNESS: Somewhere around there, yes.

By Mr. Murray:

Q. What would the saving be at Vancouver below the present prices of gas to the consumer there?—A. That is very difficult to answer categorically. They take a very small amount of gas now, on account of it being artificial gas, but the price of the gas to the ultimate consumer will be something like a third.

Q. A saving of a third?—A. Maybe a great deal more and if you figure that over a large size market, it will be an enormous saving.

The CHAIRMAN: The meeting will be adjourned until 11:00 o'clock tomorrow morning.

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Canada Railways, Canals and Telegraph Lines
Standing Order 1950

SESSION 1950
HOUSE OF COMMONS

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. 7

"AN ACT TO INCORPORATE ALBERTA NATURAL
GAS COMPANY".

THURSDAY, APRIL 27, 1950

WITNESSES:

Mr. A. F. Dixon, President Alberta Natural Gas Company; Mr. John J.
Connolly, K. C., parliamentary agent.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.A.
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1950





MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, Room 277,

THURSDAY, April 27, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock a.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Bonnier, Bourget, Breithaupt, Byrne, Carroll, Carter, Darroch, Decore, Dewar, Douglas, Ferguson, Gauthier (*Portneuf*), Goode, Gourd (*Chapleau*), Green, Harkness, Harrison, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy, Pearkes, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Robinson, Rooney, Smith (*Calgary West*), Stuart (*Charlotte*), Thomson, Ward, Whiteside, Wylie.

In attendance: Mr. John J. Connolly, K.C., Parliamentary Agent on behalf of Alberta Natural Gas Company; Mr. A. F. Dixon, President, Alberta Natural Gas Company.

The Committee resumed consideration of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. A. F. Dixon's examination was continued. The witness, as requested by the Committee, filed certain charts outlining the various routes contemplated for the pipelines.

On motion of Mr. McCulloch the said charts were ordered to be printed in the record.

As previously agreed, Mr. Connolly was allowed to put questions to the witness.

At 1.00 o'clock p.m., on motion of Mr. Mott, the Committee adjourned to meet again at 4.00 o'clock p.m.

AFTERNOON SITTING

The Committee met at 4.00 o'clock p.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Bertrand, Bonnier, Bourget, Breithaupt, Byrne, Cannon, Carroll, Carter, Darroch, Decore, Dewar, Douglas, Ferguson, Gauthier (*Portneuf*), Goode, Gourd (*Chapleau*), Green, Harkness, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Robinson, Rooney, Shaw, Smith (*Calgary West*), Stuart (*Charlotte*), Ward, Whiteside, Wylie.

In attendance: The same persons as are indicated for the morning sitting.

The Committee resumed consideration of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. A. F. Dixon's examination was continued.

At 6.00 o'clock p.m., on motion of Mr. Riley, the Committee adjourned to meet again at 8.30 o'clock p.m.

EVENING SITTING

The Committee met at 8.30 o'clock p.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bertrand, Bonnier, Bourget, Breithaupt, Byrne, Cannon, Carroll, Carter, Darroch, Decore, Dewar, Douglas, Ferguson, Gauthier (*Portneuf*), Gillis, Goode, Gourd (*Chapleau*), Green, Harkness, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, Melvor, Mott, Murray (*Cariboo*), Nixon, Noseworthy, Pearkes, Prudham, Riley, Robinson, Rooney, Shaw, Smith (*Calgary West*), Stuart (*Charlotte*), Ward, Whiteside, Wylie.

In attendance: Mr. Connolly and Mr. Dixon.

The Committee resumed consideration of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. Dixon's examination was continued.

Mr. Maybank, of the Committee, moved:

That the Committee adjourn until 11.00 o'clock, to-morrow, Friday, 28th April; that the one hour between eleven o'clock a.m. and twelve o'clock noon be used for continued taking of evidence and thereafter the Committee proceed to a clause by clause consideration of the said Bill No. 7.

After some debate thereon and the question having been put on the said motion of Mr. Maybank, it was resolved in the affirmative on the following recorded division:

Yeas: Messrs. Applewhaite, Bertrand, Bonnier, Bourget, Byrne, Cannon, Carroll, Carter, Darroch, Decore, Dewar, Douglas, Gauthier (*Portneuf*), Goode, Gourd (*Chapleau*), James, Jutras, Lafontaine, Maybank, McCulloch, Melvor, Mott, Murray (*Cariboo*), Nixon, Prudham, Riley, Robinson, Rooney, Ward, Whiteside, Wylie.—31

Nays: Messrs. Adamson, Ferguson, Green, Harkness, Herridge, Higgins, Hodgson, Jones, Lennard, Pearkes, Smith (*Calgary West*).—11.

The Committee adjourned to meet again at 11.00 o'clock a.m., Friday, April 28th.

ANTOINE CHASSÉ,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 27, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11.00 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, we have a quorum. We will proceed with further consideration of bill No. 7. Mr. Dixon has had sketch maps prepared showing the various routes. These will be distributed. If it meets with your approval we will proceed where we left off last evening.

Mr. A. F. Dixon called:

The WITNESS: I will file these charts, Mr. Chairman.

Mr. PRUDHAM: Is it your intention to continue hearing evidence as to routes?

The CHAIRMAN: I think that is the wish of the committee, because a good deal of time has been taken up on the subject already.

Mr. PRUDHAM: I would then like to move that the Chairman be empowered to call additional witnesses to give evidence as to route.

Mr. GOODE: I second that motion, Mr. Chairman.

The CHAIRMAN: Is there any discussion on that question? If not, are you agreed?

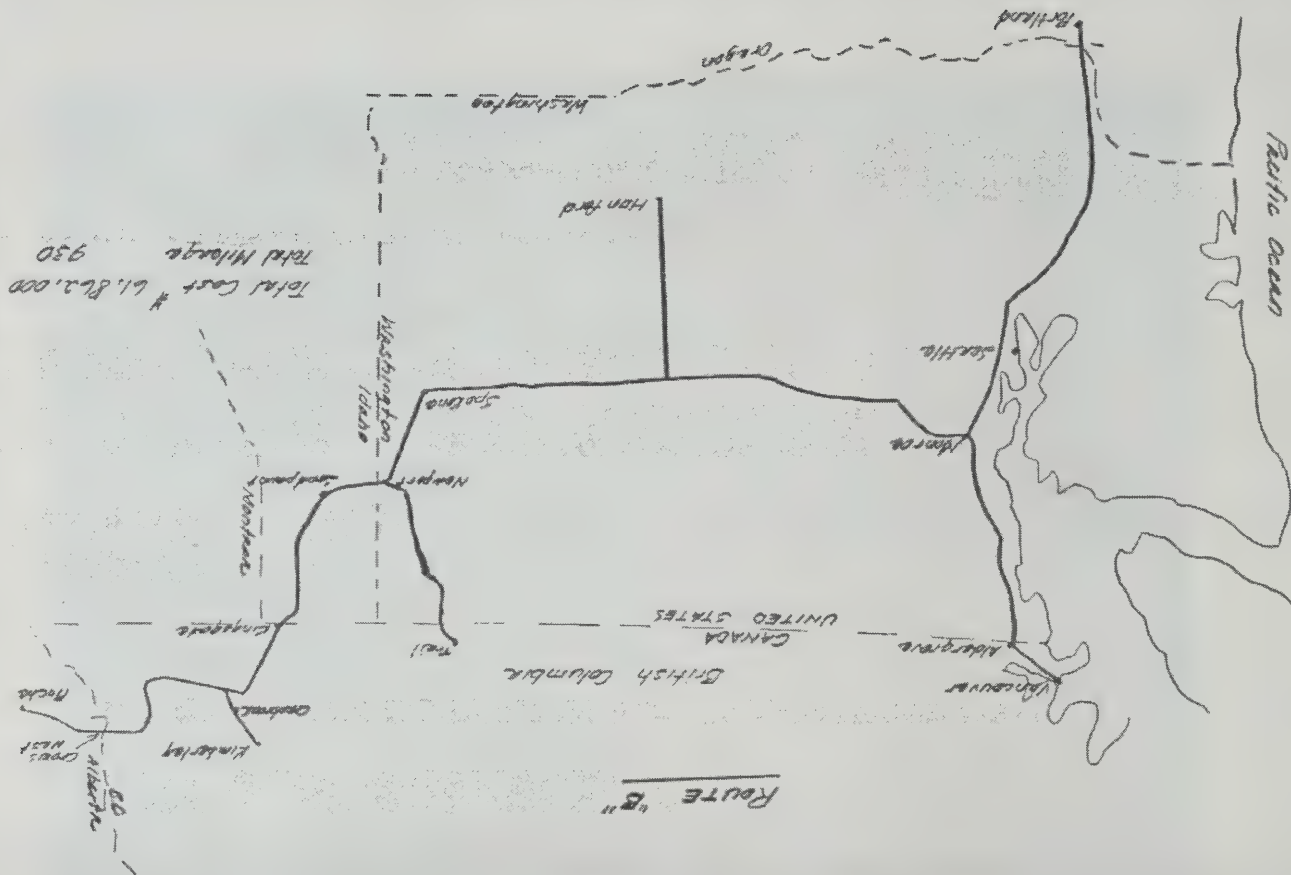
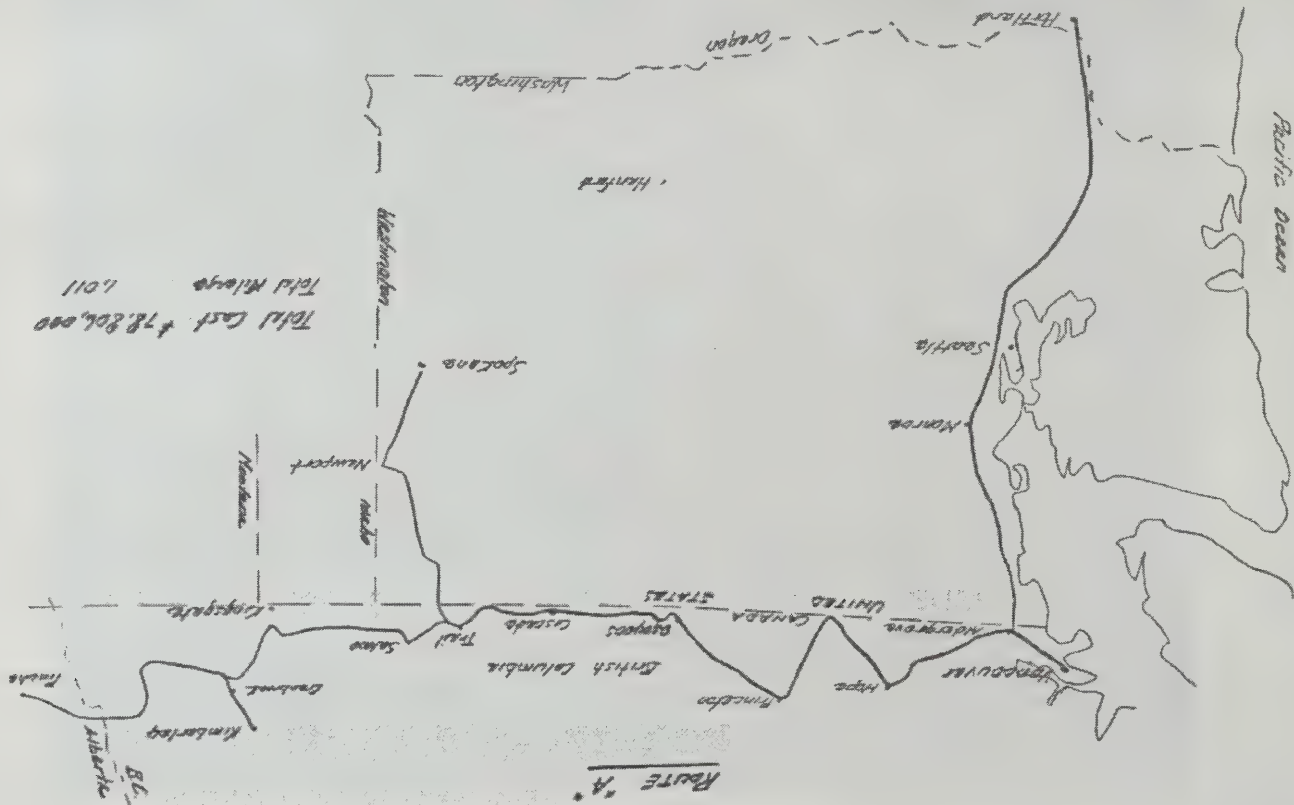
Mr. CARROLL: I do not know about that, but I am sure there would be only one question that I would be interested in and that is the question of route; not that I know anything about this thing at all, but the question put to Mr. Connolly yesterday was as to whether or not when they go before the Board of Transport Commissioners they are going to indicate to the Board that they have a preference as to routes? I do not know but I do not think that this committee, as a committee, has much to do with routes at the present time. I do not know that there is any recommendation that we can make to the Board of Transport Commissioners or any amendment we can make to the Act. However, I am in the hands of the committee who know more about it than I do.

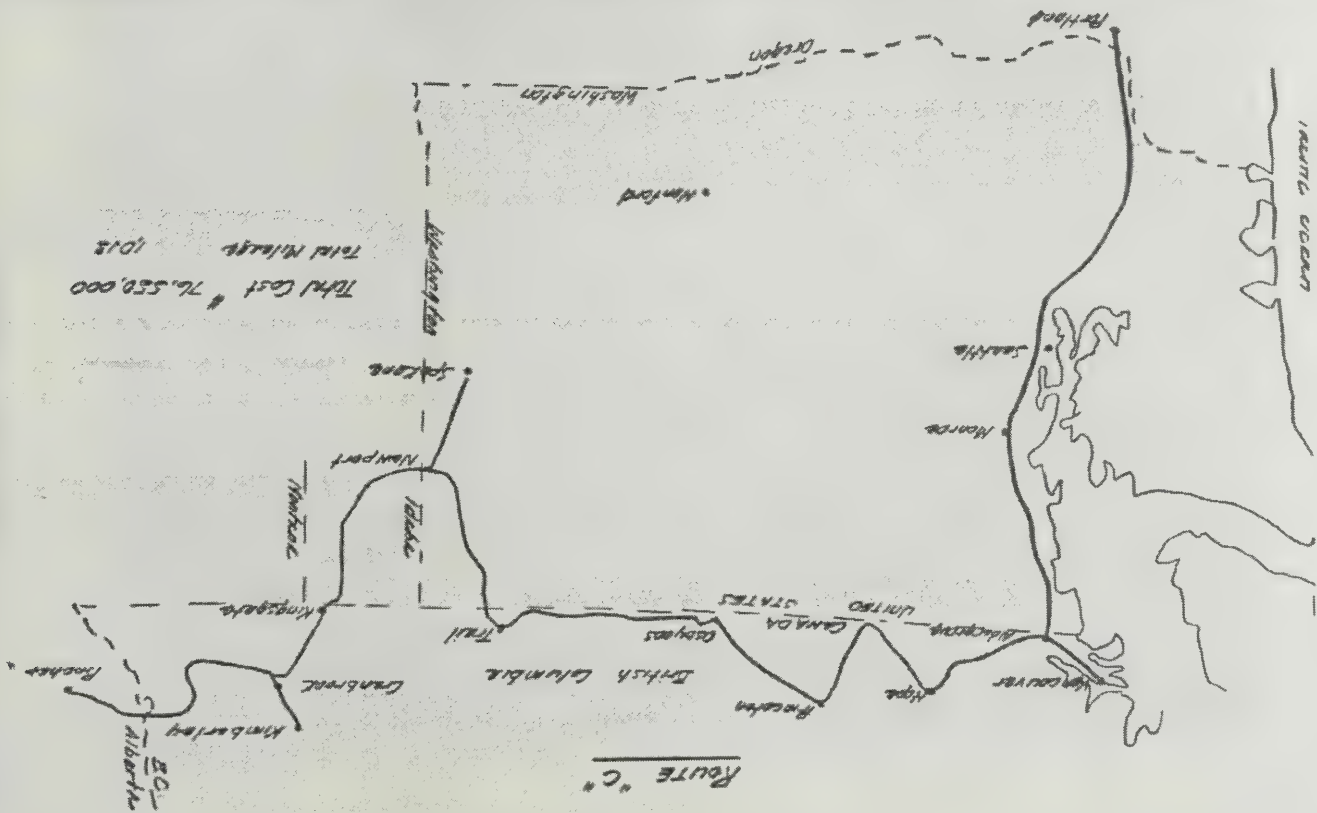
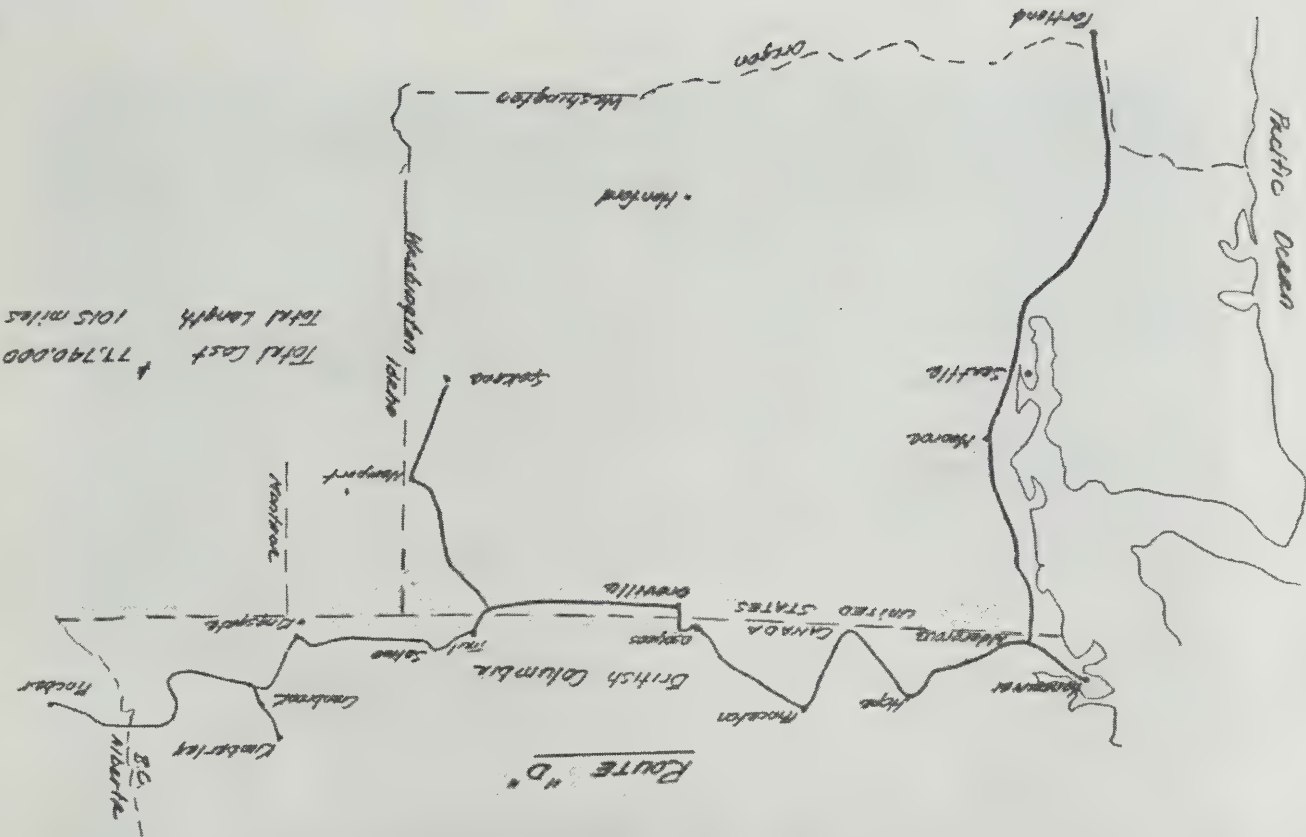
Mr. MAYBANK: Mr. Chairman, I think that if we bring in any more witnesses with reference to routes we will only waste more time and I do not think that the route question is germane to this bill.

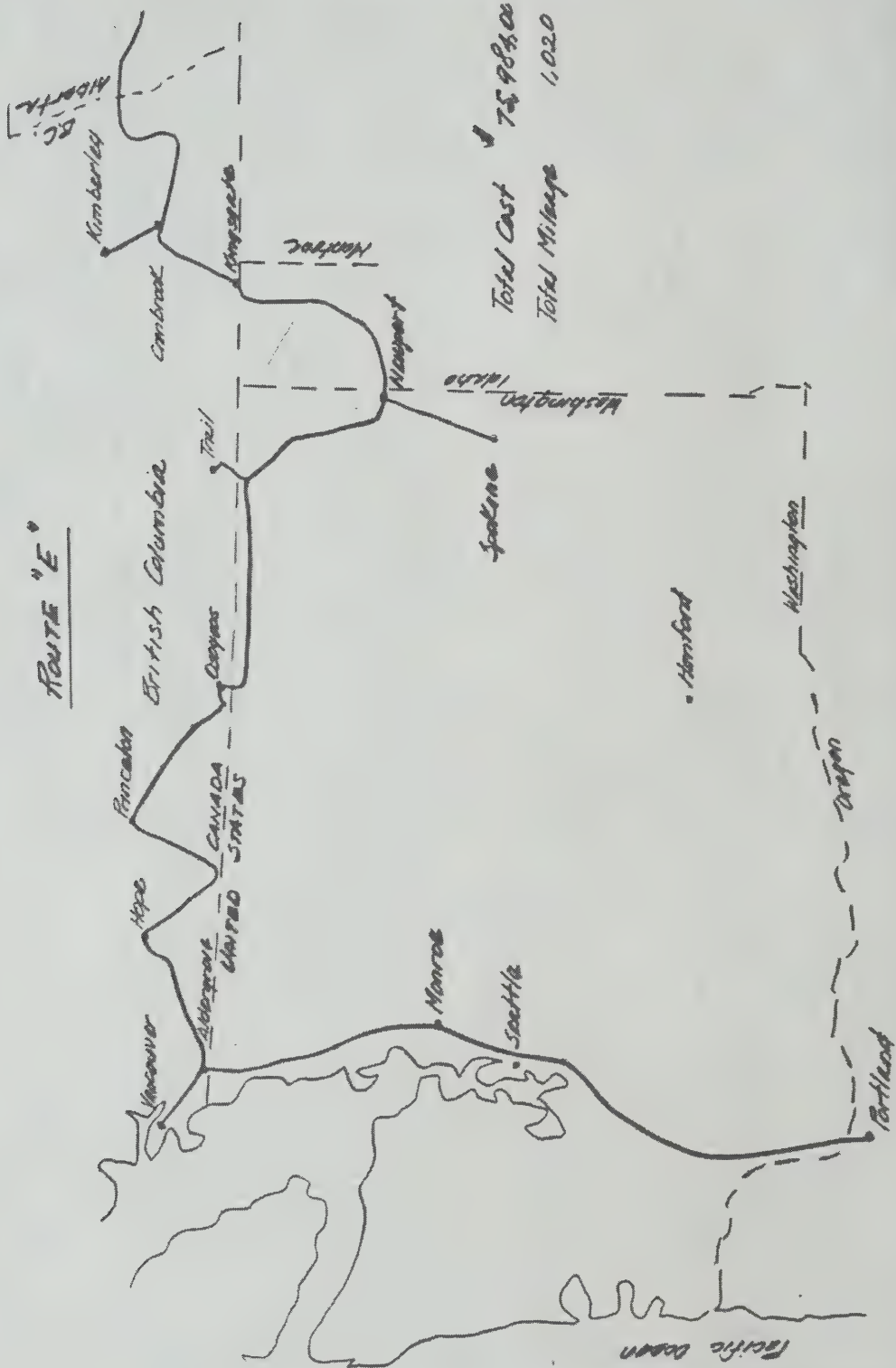
Mr. LENNARD: What do you mean, waste time?

Mr. MAYBANK: Just what I said. I was asked a moment ago to raise my voice and I did that, and the words I used are small and plain, I hope. The whole aim here, on the part of some filibusterers, is to establish a monopoly of a particular company.

Mr. GREEN: Mr. Chairman, I must object to that. That is a remark which should be withdrawn. That is a direct insult and meant to be so. It is not the truth and I must ask that it be withdrawn. I would ask for a ruling. I object to the sponsor of this bill getting up and making a very inaccurate statement and I ask that that remark be withdrawn.







The CHAIRMAN: I see no objection to the withdrawal of it.

Mr. MAYBANK: There is no objection to it being withdrawn excepting that I shall not withdraw it.

Mr. GREEN: Mr. Chairman, I would ask for a ruling. We are not here to be abused like this. We started out these committee meetings on the basis that everybody was trying to do what is best for Canada. We do not all agree on the courses that should be followed but no member of parliament, either in the House or in the committee, has to put up with dirty inferred abuse in a remark like that and I ask that it be withdrawn without any qualifications. I am saying that Mr. Maybank said that there are some of us here trying to fight for a monopoly for one company, which is a lie.

Mr. MAYBANK: I did not say that. Mr. Chairman, what I said was some of the filibusterers are aiming at the establishment of a monopoly.

Mr. GREEN: They are not.

Mr. MAYBANK: I do not know how he can say that.

Mr. GREEN: You have no right to say that.

Mr. MAYBANK: I think I have a right to say it. However, we will get along with this matter this way: merely to advance the action, I will withdraw it. It is on the record though.

The CHAIRMAN: I do not think we will get further along like this.

Mr. MAYBANK: I do not know just how one does manage to make statements and have them withdrawn. It is on the record and the people who have heard it will, no doubt, continue to be influenced by it, some one way, and some another. The question before us is to decide on a certain bill, whether certain people will be granted the opportunity of making an application to the Board of Transport Commissioners, that is all. There is no question of route. We have had a great deal of evidence about route here and I fancy with some justification as far as that goes because it was said in the House, I think, at times. I never said it, but I have it in mind that it was said here in committee a good deal of information could be got. Nevertheless the route question is not the question which is in this bill. All we are here for is to pass, or not pass a bill, and if we go on endeavouring to bring in additional evidence of possible routes, we will be here a very long time, which is, I have no doubt, the desire in some quarters, but it is not a desire that I think will find favour with the majority of the committee.

Now, there is also another point. I do not know whether this committee can empower the Chairman to call any witnesses excepting those already in the terms of reference, and if that power is in the terms of reference then, of course, this committee can direct that a particular witness be called, but I doubt very much that it is within our power as a committee to call just whomever we wish, and in any event, if there are going to be some called, we can decide better after it has had consideration following this discussion.

The CHAIRMAN: Just to clear up the question of the terms of reference. The clerk will read them to the committee.

The CLERK OF COMMITTEE (reading):

—That the standing committee of Railways, Canals and Telegraph Lines be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

Mr. MAYBANK: That would indicate that we only have power to deal with matters which are germane to the inquiry.

Mr. CARROLL: The reason I made that suggestion before was that it would enable those people who oppose the granting of this charter, the people who are opposing this bill and opposing the route that this pipe line will take, to have

information to take before the Board of Transport Commissioners and to set up reasons for or against the route that this present proposed company would be advocating before the Board of Transport Commissioners.

Mr. BYRNE: Mr. Chairman, I would like to ask Mr. Dixon a question which has a bearing on the proposed motion of Mr. Prudham. Notwithstanding the fact that the Alberta Natural Gas Company have made a preliminary survey on five routes to the Pacific coast, if the Board of Transport Commissioners determines that one or more routes covering different areas would be to the best advantage of the Canadian people having arrived at the decision that the gas will be economically saleable on the west coast, would they be prepared to build a pipe line on some such route as the Board of Transport Commissioners may determine.

Mr. DIXON: We would.

Mr. GOODE: Mr. Chairman, I do not think Mr. Maybank can accuse me of filibustering in this matter.

Mr. MAYBANK: I did not mention you, Mr. Goode. I would also like to say this with reference to the filibustering that I have no complaint against anyone who desires to filibuster. I have no objection, but I do not happen to have had Mr. Goode in mind.

Mr. GOODE: Speaking to this motion, Mr. Chairman, while I seconded it, it was because in the memorandum submitted by this company it says on page 6 that Mr. Dixon is available to supply information on these routes. I think the company has brought this matter to the attention of the committee. Yesterday we received a good impression of Mr. Dixon but he does not prove anything to me whatsoever because it is his opinion that he has given to this committee. I want to have other views and that is why I support Mr. Prudham's motion. I want someone either to confirm or to deny what Mr. Dixon says. I am from British Columbia and I want to know the facts before leaving this committee.

Mr. MOTT: The motion, as it is presented, should be modified in some way or other. When you say you can call a witness, someone here may take a notion to call a witness from Great Britain and we may be here two or even three years. If the motion were limited to say within a reasonable distance or space it would be different, but it is a wide open motion, as I see it, and therefore, it could create quite a problem if we were to put it through in the form it was presented. It should be modified, in my opinion.

Mr. PRUDHAM: The Chairman would have discretion in calling the witnesses the way I put the motion—that is to say, the majority of the committee would, through the Chairman. Now, I still maintain, as I did yesterday at both sessions that if we are going to continue to hear evidence as to routes, which really does not have any bearing on the bill which is before the House, we as members of the committee have a right to request the calling of witnesses other than the witnesses presented by these two companies.

Now, one reason I have for making this motion is that Mr. Dixon yesterday, in certain testimony that he gave, made a statement which I have very good reason to believe is not according to facts as I know them, and I think I can present a witness who will prove that Mr. Dixon is misinformed. Now, that witness is not in England; that witness happens to be an employee of the federal government and he is an expert in that particular line. I think this committee should get at all the facts. If we are going to get some facts as to route, the committee is entitled to get all the facts and I maintain that if we are going to continue to hear evidence as to route that we should do that. I am no filibusterer; I hope that this company gets its charter. I am not working for a monopoly for any one company. I do not think any company should have

a monopoly, but if we are going to depart from the bill that is before the House and gather information we should get all the information that is available to us.

Mr. ROBINSON: Mr. Chairman, I cannot quite agree with Mr. Maybank that this discussion of route is a waste of time. At the same time, I cannot help but feel that it is largely academic in view of our existing laws. This question of route, I think we all agree, should properly go before the Board of Transport Commissioners. Mr. Green, on one or two occasions in the House, has mentioned that he had assurances from the sponsors of the bill in this committee in 1949 as to their intentions with regard to route. My understanding is that this particular company, after giving Mr. Green those assurances, filed that route with the Board of Transport Commissioners, but then later withdrew that application. That same company now has two other applications pending before the Board of Transport Commissioners. My feeling, Mr. Chairman—

Mr. GREEN: Mr. Chairman, on a point of order; I think that is quite wrong. An all Canadian route was the assurance we got from them in this committee.

Mr. ROBINSON: My understanding was that the exact route on which you obtained assurance was filed with the Board of Transport Commissioners and that was later withdrawn. They of course, have an application for an alternative route but not the same one mentioned to you.

Mr. GREEN: It would be an all Canadian route.

Mr. ROBINSON: Right. However, the point I am making is this: I think most of us are interested in an all Canadian route, where it is economically feasible. I think that this discussion is helpful to the extent that it would impress on the sponsors of any bill that members of parliament are interested in seeing all Canadian routes where they are economically feasible and in the interests of the Dominion of Canada. At the same time I do feel very strongly, Mr. Chairman, that under the Pipe Lines Act, and under existing law, it is to the Board of Transport Commissioners that representations regarding route must be made and that discussion along those lines here is, as I said before, largely academic and I do not think I can support Mr. Prudham's motion on that account.

The CHAIRMAN: I was wondering, gentlemen, whether a little more thought could be given to the motion by Mr. Prudham, and possibly bring it up at our next session. I think the way the motion is worded it leaves far too much to the Chairman, and, normally, I would not know what procedure to follow and who to call. Perhaps at a later session, say this afternoon or the next meeting, Mr. Prudham could be a little more definite as to whom he would expect to be called before us and say to the committee who they are.

Mr. PRUDHAM: Mr. Chairman, I could name two or three witnesses right now, if necessary, but I do not agree to postpone this motion because we are continuing to hear evidence in the meantime and the first thing you know the evidence will all be heard and somebody will then move that the committee disperse and it will be over. I think if it is going to be put, it has got to be put now.

Mr. HIGGINS: I would like to support Mr. Prudham's motion. I have come into this matter with a perfectly open mind—in fact, some members said with a vacant mind—but apart from that, in Mr. Connolly's remarks to the Senate Committee, he thought that the question of the parliamentary incorporation for this company, meant that the committee should go into the bonafides of the company. Now, if this question of route is to be considered we should have evidence on it because that little joker in the memorandum "economically feasible" may be the thing we have to look out for and I think Mr. Prudham's motion should be supported.

Mr. PEARKES: I am reasonably familiar with that territory, both in British Columbia and in the northwest states. I have been over a large portion of that country and I must say I am very doubtful whether that all red route as shown on the map is a practical route for a pipe line, speaking from my very limited knowledge. On the other hand, however, I do believe that the route which is frequently referred to as the Yellowhead route might be a practicable route on which to place a pipe line. Therefore I feel it is extremely difficult for this committee to make decisions as to whether it will authorize this bill which would give this particular company the right to transport gas from the province of Alberta to the Pacific coast even if they do say they will follow an all Canadian route, if economically practicable. My own impression at the present moment is if the route they have explored cannot be considered as economically practicable, I would like to know whether there are any other routes in Canada which can be considered economically practicable.

Mr. ADAMSON: It seems to me the whole crux of the matter this committee is to decide is a route. The principle of the bill has been approved and the route is the one question we have at issue, whether it is in the bill or not. The committee has to decide to give the company a charter, and its decision will be based largely on considerations dealing with routes. I feel that all the evidence with regard to routes should be given. I am inclined to agree with General Pearkes. From my knowledge of that country I do not believe an all Canadian route is possible or feasible, and I intend to ask a considerable number of questions about that when the time comes.

The CHAIRMAN: I want to correct Mr. Adamson in this: this committee has, strictly speaking, nothing to do with routes. I have allowed a lot of discussion on routes because it is certainly very important in the consideration of the whole matter, but it is not a reference to the committee as to which route shall be followed. The question for the committee to decide is whether to allow the company to incorporate. I think in view of the fact that wide open friendly discussion should be had on matters pertaining to the bill, I was continuing to allow, as Chairman, a discussion of routes, but we are not going to allow it to go on and on indefinitely. I just want to make that clear.

Mr. ADAMSON: My point, Mr. Chairman, was that there will be no objection to the bill whatsoever. The only objection is concerning the route.

Mr. JETRAS: Mr. Chairman, it all comes back again—and I still hold the view I expressed yesterday—that we definitely are not asked here to decide a route or the alternative routes. On the other hand, I think it is helpful to verify information on the various routes. Now, I would be inclined to support the motion of Mr. Prudham if there is particular information he desires which would help him make up his mind, but on the other hand, there seems to be confusion—and there is in my mind—about the exact meaning of his motion; and I would respectfully suggest to the mover of the motion now before the committee to postpone that motion until a later time when we can look into this matter and make sure what it is. It is now left entirely in the hands of the Chairman, and on that point the Chairman himself is not clear; consequently it is pretty hard for members of the committee to be clear on it. It is entirely in a spirit of helpfulness that I would respectfully suggest that the motion be postponed.

Mr. BYRNE: May I ask Mr. Dixon a question, Mr. Chairman?

The CHAIRMAN: Has it a bearing on the motion?

Mr. BYRNE: Yes, about bringing evidence regarding a route.

With regard to the Yellowhead route, which has been mentioned on several occasions as being one possible route, would Mr. Dixon say that his company would be prepared to build a pipe line on the Yellowhead route if the Board of Transport Commissioners instructed him to do so.

Mr. DIXON: I already answered that and my answer is yes.

The CHAIRMAN: Let us confine ourselves to discussion of the motion.

Mr. PRUDHAM: I do not want to hold up the committee so I will withdraw only on the condition that I will be allowed to re-introduce my motion later today perhaps in a slightly better form.

The CHAIRMAN: I think that will be acceptable to the committee. We will then go on with the further examination of the witness, Mr. Dixon. We have all, I believe, received copies of these various routes, and perhaps we can go on further now.

Mr. DECORE: Mr. Dixon —

Mr. GREEN: May I ask whether Mr. Connolly is through with his direct examination of Mr. Dixon?

Mr. CONNOLLY: No, there are a few more things that I would like to ask.

Mr. GREEN: I wonder if Mr. Connolly could finish his direct examination?

The CHAIRMAN: The way it was left yesterday was that Mr. Connolly's evidence was to be suspended —

Mr. GREEN: No, no, I am referring to his examination of Mr. Dixon. I am asking whether his direct examination of Mr. Dixon is to be concluded.

The CHAIRMAN: I am sorry, I misunderstood you.

Mr. CONNOLLY: Mr. Decore had a question.

By Mr. Decore:

Q. I had a couple of questions. Yesterday you stated that in the construction of a pipe line through mountains there was much side hill cutting as you put it. Taking into account the amount of knowledge you have of the Yellowhead route, would you say that, in comparison with the Crow's Nest Pass route, there would be more or less of this side hill cutting?—A. Maybe not the greatest but one of the great problems would be in relation to Allison Pass which is the pass between Hope and Princeton.

Mr. JUTRAS: There is so much noise in the room that we cannot possibly hear.

The CHAIRMAN: Gentleman, may we have order, and perhaps you would raise your voice a little if you can.

The WITNESS: That would be the difficult part—and it is common to all of the all Canadian routes. That part of the line would have to be built even if you started at the Yellowhead Pass.

Mr. GREEN: Can you point it out on the map?

The WITNESS: You can see it on the little map—between Princeton and Hope.

Mr. HIGGINS: Which route do you refer to?

The WITNESS: All routes. The Yellowhead proposal as I heard the testimony in Calgary, comes from Kamloops down to here—

Mr. SMITH: Where is "here"?

The CHAIRMAN: Yes, where is "here"?

Mr. SMITH: At Princeton?

The WITNESS: Princeton. From there all pipe lines would have to follow more or less the same route. I can only speak from my own knowledge, in regard to going through the Yellowhead Pass itself, as to that part which begins near Mount Robson. There would be a long distance going up the canyon where you would have very bad side hill cutting. It is a narrow canyon and there is a road on one side of the canyon and the railroad on the other. Both of them would have to be dodged.

By Mr. Decoré:

Q. With reference to the Crow's Nest Pass and the Yellowhead Pass, taking the whole route, would the problems be greater along the Yellowhead Pass than along the Crow's Nest route?—A. That is my judgment but there is one part of the Yellowhead route that I have only seen from the railroad and no one can make any real judgment from the railroad. I am considering that from here—which is Mount Robson, down to a point about 50 miles north of Kamloops, that they would have fairly easy going, but I just do not know that part of it.

Q. In other words you do not know enough about the Yellowhead route to give a definite opinion about that?—A. I know enough to say that I think it is certainly not any better and may be considerably worse.

Q. It may be worse?—A. Yes.

Mr. SMITH: That is because you do not know what the conditions are?

The WITNESS: I know enough to know that there is a great deal of hard going on the Yellowhead, but part of it may be much harder than I know about and it may be easier.

By Mr. Decoré:

Q. Mr. Dixon, I put this question yesterday to Mr. Connolly with reference to page 6 of his memorandum. It is stated there: "They are also prepared to build along any route which, after full consideration of all the facts, may be deemed to be in the best interests of Canada as declared by the board."

Now you make reference to five routes. Does that mean you are prepared to build along any of the five routes or along any additional route that would be feasible?—A. That is correct. We would be willing to build on any route the Board of Transport Commissioners would direct. We have not made a study of all other routes because that would be a matter which would take years to do.

Q. Is it your intention to explore other routes or to get information on other routes?—A. I have already gone over other routes in a preliminary way and we selected these routes as being those which seemed to be best. As soon as I am free of hearings I am going up to take a look at some of the other routes.

Q. Based on your experience with regard to pipe line building would you say the route of a pipe line is conducive to the development of that area of the country through which the pipe line runs?—A. I would say that a pipe line going through a country has practically nothing to do with the development of the country. I have worked on thousands of miles of pipe line and—

The CHAIRMAN: Gentlemen, I think it was agreed that we would allow Mr. Connolly to question Mr. Dixon and then afterwards have our discussion in detail.

Mr. ADAMSON: Mr. Dixon was just saying something extremely interesting and I wish he would finish the sentence.

The CHAIRMAN: I have no objection to that.

Mr. ADAMSON: He was saying that there is no development of necessity in the country through which a pipe line is built.

The WITNESS: That is my experience. There have been many thousands of miles of pipe line built and I know of no case where the construction of those thousands of miles of pipe line has had much to do with the development of the country through which it passes.

There is a great amount of line coming out of Hugoton and the Panhandle of Texas going in all directions. Gas can go from there almost to New York and gas from there is now going to Los Angeles. Along all of those lines the gas serves industries. It serves industries that were in existence.

Of course there are exceptions to everything but as a general rule cheap gas has practically nothing to do with the development of an area. You can see that so plainly in the Panhandle of Texas, through the Permian basin in Texas and through the central part of Texas, where there are enormous quantities of gas which has been extremely cheap for generations. There are practically no industries excepting industries using butane and propane which are bi-products of the gas—they are used by industries that have come into the area.

It used to be that zinc smelting follows gas. Fuel is one of the great costs in zinc smelting and that would follow development of new fields, but now that most zinc is made by electronic processes it is no longer true.

You can take the case of Alberta where they have given away gas for a long time in some of the towns. They have some industries but not very many. I think the existing ones are due to the energy and enterprise of the people there rather than to the fact that they have cheap gas. In Turner Valley they have blown into the air enough gas to supply our proposed pipe line for twenty years.

Mr. MURRAY: Is it still going to waste in certain areas?

Mr. SMITH: Not in Turner Valley.

The WITNESS: There is quite a bit still going to waste in Alberta.

Mr. SMITH: In Turner Valley?

The WITNESS: Well, some in Turner Valley, and some in the north. I should say that you cannot use all the gas and some of it has to be blown into the air. It is impossible, where you are taking out oil and gas to utilize the last bit of the gas; it is just economically not possible.

If gas is influential in bringing industries why are there no industries in Turner Valley? It just does not seem to be the facts of the case. That was brought out at great length in the Dinning report.

Mr. HARKNESS: The Alberta industries which are based on gas are in Calgary. As a matter of fact we have had a considerable amount of industry come into Calgary because the gas was there. The most notable example is the nitrogen plant which would not be there at all if it were not for gas. That is one of our largest industries.

The WITNESS: That is perfectly true.

Mr. FERGUSON: Take two independent areas that have natural resources and, if a pipe line goes through one but does not go through the other where do you really think that people would go if they wanted to develop the natural resources? Would they go where they have the natural gas pipe line or do you think they might be inclined, even if they are energetic, to stay away from the natural gas? Where do you think they would go?

Mr. GOODE: Mr. Chairman, I was refused permission to ask questions and I do not think that the privilege should be given to other members of this committee.

The CHAIRMAN: I think you are correct, Mr. Goode, but Mr. Connolly apparently has felt that the evidence is coming out as he wants it to come, and it is perhaps just a matter of a little tolerance.

Mr. CONNOLLY: I was going to bring out this testimony which Mr. Dixon is now giving anyway. Perhaps I might just finish this phase, and Mr. Goode's question could follow, and then we might go back to where we left off last night.

Mr. FERGUSON: I am asking this question in regard to the statement about the pipe line going through a certain area having no effect on the development of that area. Take two areas which are undeveloped but which have good natural resources. A pipe line goes through one of the areas. Where would industries go which were seeking to develop those resources?

The WITNESS: Other things being equal they would go to where the natural gas was.

Mr. FERGUSON: Thank you very much. But you did say it had no bearing.

The WITNESS: No, I said it had little bearing, but the other things must be equal.

There are very few industries in which fuel amounts to more than 3 or 4 per cent of the cost of the product. The general average is about 2 per cent. The cost of labour, the cost of transportation, the cost of raw material, and the cost of a whole series of things have so much more bearing than the cost of fuel, that fuel can only have an incidental effect except upon a few industries. The ceramic industry needs natural gas. It can work much better with natural gas at equal price with other fuel. For the smelting of copper, lead, and zinc, natural gas is very valuable. In the paper industry natural gas is a factor but other fuels are just about as good.

Mr. HIGGINS: Once the pipe lines are constructed—

The CHAIRMAN: Pardon me, Mr. Higgins, if we are going to have questions I think Mr. Goode has the floor.

Mr. GOODE: As long as I receive the same privilege as anyone else I am prepared to leave my questions until later.

Mr. HIGGINS: When the pipe line is constructed there would be very little cost for labour and maintenance on the pipe line?

The WITNESS: There is not a great deal but it depends where you are. If you are going through flat plains like there are in Alberta the cost of maintenance is very small. If you are going through swampy country like that in southern Louisiana, or if you are going through mountainous country with heavy snowfalls, the maintenance would be higher. It is not one of the largest factors in the cost of a pipe line but it is a factor. The largest cost of any pipe line, and which makes up the total cost of the ultimate project, is the capital cost of construction.

Mr. CONNOLLY: Perhaps, Mr. Goode, I could ask questions on just a few points. Mr. Dixon, you might tell the committee something about the importance of accessibility to a pipe line in mountains, for example, for maintenance purposes, and why you have to have it accessible as distinct from the situation for an oil pipe line?

The WITNESS: If an oil pipe line breaks considerable oil is lost but they always have storage at the other end and there is no disaster. If a pipe line for gas breaks then you must shut down all of the appliances in the towns that are being served. For a little while the gas that is left in the mains will serve the towns but that is only for a matter of hours or, at the most, for a day or so. Then you must cut off the gas entirely and you cannot start the gas again through the mains and you cannot serve the towns, until you have gone to everybody and seen that their pilot lights are out, telling them over the radio and so on, and it is a matter of five or six days before you can get gas through again. If that happens in a cold climate it is a disaster,—and it is a tremendous inconvenience in any place. It happened in the town of Fort Worth not many years ago when they had a pipe line washed out in a flood.

By Mr. Higgins:

Q. You keep regular crew men?—A. You have to have quite a few men, more than are really necessary, at the compressor stations so that you have a unit to go out to the appliances. Then, along the route you must have crews stationed. They have very little to do but they must be there in order to take machinery out and start repairs.

Q. Is there any large number of men, usually?—A. Not a great number. You generally make arrangement with all the farmers and the people in the neighbourhood so that they are ready on call to come and help. That is one of the methods. You pay them a certain amount all the time.

By Mr. Prudham:

Q. Yesterday you made the statement that you would rather have a rough road than a hard surfaced highway adjacent to your pipe line. Would a railway paralleling a pipe line be of any advantage in servicing the line or in the construction of it?—A. It would be of some advantage. It would be a little advantage but you would have to get machinery on the cars and to bring it along—

Q. You spoke about the difficulty of taking caterpillar tractors over highways, but, if you had a railway nearby, would it not be cheaper and more convenient to ship any material in by rail rather than by caterpillar tractor?—A. It would be cheaper but you know how long it takes to do such things; you have got to get it on a train and off the train and in maintenance and things of that kind it is minutes that count. I am thinking here of maintenance.

Q. What about the construction? Would it not contribute to cheaper construction if there was rail service adjacent to the routes?—A. Absolutely; it helps in the cost of construction a great deal to have a railroad within easy access of the line. That is unquestionably true.

Mr. HIGGINS: For maintenance you retain the farmers on a yearly basis?

The WITNESS: Yes, you try to make friends of the neighbourhood and try to get them working for you. It is easier in a populated district than in an unpopulated district where you must retain a higher number of regular men.

By Mr. Mott:

Q. Before I start may I say that I do not think that people should keep throwing shots across the table. I think we should stand up and ask the chair if we can speak or ask a question. You people up there are going back and forth in arguments all day long.

First of all, I think there were many requests yesterday in regard to maps being presented to us and I would like to have placed on record our appreciation to Mr. Dixon and his associates for what they have done, in supplying us with a clear picture of what we are to talk about. I think it is going to stop a whole lot of arguments and questions that might otherwise have come up. I am going to ask two questions.

Is there any source of gas in the United States which might supply the American and the Canadian northwest, that you know of?—A. Yes. As I told you yesterday my first work on this project concerned the thought of bringing gas from Hugoton in Kansas across Wyoming and to Portland. In Wyoming there are many gas fields.

Q. Have they found any gas in Idaho or Wyoming?—A. There is a great deal of gas in Wyoming.

Q. Is it true that they have constructed or intend to construct a five inch line from Wyoming to the Hanford atomic plant?—A. No, there is no line from Wyoming to the atomic plant.

Q. At the present time?—A. No.

Q. If such a supply of gas is found or developed what effect would it have on the market as far as the possibility of Alberta gas serving those areas is concerned?—A. If gas were brought from Wyoming it would naturally come down the Columbia river first and strike Portland and then turn north to Seattle and Vancouver. Under those circumstances it would be practically certain that Alberta would lose its market entirely on the Pacific coast until

things developed to a much greater extent than they are now. It might be if gas was not in abundant supply, and I do not think it is as abundant as it is in Alberta, that all of the towns there would have rather skimpy and high priced gas; but there is a threat at any time of fields coming in in Wyoming, a real threat. This conversation would all be academic then because someone else would have the gas and those towns would be supplied.

By Mr. Goode:

Q. I am interested in what you said about the supply of gas not bringing industry into its path. I think we appreciate a good deal of the information you have at your fingertips and I would therefore ask the laid down cost of gas, in Vancouver, as compared to coal? I am trying to develop your theory that the pipe line will not bring in industry.—A. I think we expect the cost of gas to be less than the cost of coal in Vancouver.

Q. Can you tell the committee the ratio?—A. Approximately just slightly above—coal is just a slight amount above gas.

Q. In relation to calling coal 100 per cent what do you think the cost of gas would be to industries in Vancouver?—A. I do not know right now. I cannot remember the exact cost of coal—it has slipped my mind—perhaps you can tell me the cost of coal in Vancouver?

Q. The cost of coal?—A. Yes.

Q. Let us take the cost at \$15 a ton—it does not really matter.

Mr. GREEN: It is more than that.

Mr. GOODE: You may buy better coal than I can afford, but take it as \$15 a ton.

The WITNESS: It will take 20,000 cubic feet of gas or maybe 22,000 to supply the amount of heat that one ton of coal will supply. It varies between 18,000 cubic feet and say 25,000 cubic feet.

By Mr. Smith:

Q. It all depends upon the B.T.U.'s in the coal?—A. Yes, the quality of coal and the use to which it is being put. The cost of gas there, delivered to the city gate and to the large industries is to be, as near as we can calculate it, between 34 and 36 cents; somewhere in that neighbourhood. I will have to do some arithmetic to figure it out.

Q. Is not that only the cost of transportation, without paying anything for the gas?—A. Transporting it, and the cost of the gas, according to the contract we have made with producers.

Mr. ADAMSON: Per 1,000 cubic feet?

By Mr. Goode:

Q. Can you give me the same figures for the cost of electricity as compared with gas?—A. If you were using electricity to generate heat? Any gas, at even twice the price of artificial gas, would be cheaper than electricity. There is no direct competition in the heating values as between the electric current and almost any fuel. Electric consumption is so much more expensive.

Q. In dollar costs?—A. In dollar costs.

Mr. CONNOLLY: I want to come to the matter Mr. Adamson was raising at adjournment last night. There are two or three points to be cleared up, however, before we get there.

Mr. ADAMSON: You are speaking now of markets?

Mr. CONNOLLY: Yes.

By Mr. Connolly:

Q. You did say something about the development of propane, butane, and methane in connection with industry in Alberta. Would you care to elaborate somewhat on the development those products would bring? Would they have any effect on industry in Alberta?—A. Butane and propane are the light constituents of gas. They are liquid at either low temperatures or very high pressures. They are the bottled gases. Those liquids must be taken out of natural gas, whether you have a market for them or not, because you cannot, in a cold climate, put gas through a line with those liquids in it. In parts of Texas and a great many areas of Louisiana those constituents have brought big industries. They are of use in the making of butadine and the other constituents required in the making of artificial rubber. There is a whole series of chemistry based on these liquid hydrocarbons. When they speak of using gas chemically, except in the case of making ammonia, it is the liquid hydrocarbons themselves, bi-products of the gas, which are used. Therefore, if you have gas coming out of a district the liquid hydrocarbons are there and they are either for sale or they must be burned if there is no market. But they have brought big industries to certain districts. It is much easier to make nearly all chemical products out of liquid hydrocarbons than out of methane which is natural gas. That is a very important thing in many areas and the expectations are that there will be a very large quantity of this butane and propane in the case of Alberta, and it should bring industry there to utilize that bi-product.

Mr. MURRAY: You can use those for heat and lighting?

The WITNESS: You can use them for heating and lighting in areas which you cannot reach with the pipe line; that is for heating and lighting of isolated houses.

By Mr. Connolly:

Q. Mr. Dixon, in connection with this matter of the direction and the place where the route will be, the territory through which it is routed, had you taken into account the density of population along the route? You said something about that a little earlier. Perhaps you could elaborate on it with particular reference, perhaps, to past experience that you have had in building these other six pipe lines in the United States?—A. Always, in building a line, it is very natural that you touch as large a population or as large industrial areas or even single plants as you can. That is where you sell the gas. You cannot build a line relying on what might happen. You have to have your market there before you can build the line, otherwise no one will finance it. The returns are small and you cannot take the risk and have the line there eating its head off in interest and in depreciation without a market.

The CHAIRMAN: Order, gentlemen, please.

The WITNESS: (continuing) This projected line will go through Trail, where there is already a wonderful market for gas.

Mr. SMITH: What do you figure, three billion there?

The WITNESS: The figures given to us by officials from the Consolidated Mining and Smelting Company are to the effect that there will be three billion a year as a minimum and 5.3 billion a year that they say is possible depending, as I said yesterday, on some developments that are going on there now, whether they can use the gas satisfactorily.

By Mr. Connolly:

Q. What about markets in Alberta?

The WITNESS: We plan a grid system and I think anybody else building a grid system has to do the same thing, namely to serve all industries or

anybody where it can be reached from the line. We also expect to serve the Calgary system when their gas supply begins to decline.

Mr. SMITH: It has already begun to decline to a dangerous point now, has it not?

The WITNESS: According to their information, received from them direct, next year, on their peak day, they will lack ability to supply fifteen million cubic feet of gas. That is, their market will exceed on their peak day the available supply by fifteen million cubic feet, and that amount will increase as time goes on.

By Mr. Higgins:

Q. How many people per mile do you require to make it economically feasible to build a pipe line?—A. You mean along a line?

Q. A branch line, for instance.—A. That depends.

Q. Is there some standard such as the electric companies use? I mean the number of people that you require before you will put an addition of your pipe line or a branch?—A. Ordinarily, if a town is not more than a mile or two away from the line you need somewhere around one thousand people in a community to serve them.

Mr. MURRAY: A thousand houses?

The WITNESS: A thousand people.

Mr. HIGGINS: Do you mean a thousand people per mile to build a branch?

The WITNESS: It depends on so many things.

Mr. GREEN: You said a thousand people in a community.

The WITNESS: I said about one thousand people in a community is the thing that makes it economically feasible. There are certain overhead expenses and other expenses that have to be met, no matter how many people there are in the community. When you start to maintain an office and have a pickup truck and employ someone to look after things, if there are less than two hundred customers, it just does not pay. Very often in those conditions they form a cooperative and bring the gas in and distribute it themselves in some very small communities. We do not, however, plan at all to sell gas at retail. We will sell gas anywhere along the line to anyone who wants to take it and build a line where it looks like we should get our money out of it.

Mr. CONNOLLY: What proportion of the population of British Columbia do you think might be served by one of the routes which you plan?

The WITNESS: Any one of them, all of the routes will serve more or less the same number of people in British Columbia. It will be about sixty per cent of the people of British Columbia who would be served by our line.

Mr. SMITH: What proportion is Vancouver to the total population?

The WITNESS: I think including the environs of Vancouver it would be about half. I have the number.

Mr. SMITH: That is good enough.

Mr. HIGGINS: From your present plans, Mr. Dixon, does it appear to be economically possible to serve the Peace River area from the present plan of location of your pipe line?

The WITNESS: No, there is some gas in the Peace River area now and the Peace River area, if anything, will be an exporting area. There is plenty of gas there now to serve their needs and many times more.

Mr. MURRAY: Might I ask if the Peace River pass might not be a possible route down to the Fraser River?

The WITNESS: The Fraser River is one place I can say is utterly and completely impossible. I think everyone will agree with me on that, that you cannot bring a gas pipe line down the Fraser River.

Mr. GREEN: That is, the lower Fraser?

The WITNESS: Through the canyon part of the Fraser River.

By Mr. Murray:

Q. I am thinking of the upper Fraser from Mount Robson down through the Caribou country?—A. I think that is fairly easy going. I have not been there but I have talked to people who have. Then when you get to the head of the canyon you are stuck.

Q. Not necessarily. The route of the Pacific Great Eastern Railway to Squamish would offer a possible route.—A. That would be too expensive. The cost of that would be fabulous from what I have heard of the terrain there.

Mr. SMITH: How would you get from Squamish into Vancouver?

By Mr. Connolly:

Q. You have made some population studies in connection with your market survey. Would you like to say something about the market surveys you have made?—A. I do not think I have the figures on population. I have not got the figures here immediately available on the total population that will be served excepting—

Q. Can you give a general review of what the market possibilities are for those lines?—A. Well, first, in the British Columbia area, outside of the area that would be served around Vancouver, New Westminster, and that general metropolitan area, in British Columbia we would serve thirty-two thousand people.

Mr. SMITH: Thirty-two thousand services?

The WITNESS: No, thirty-two thousand people. The chief population is in Trail, Rossland, Cranbrook, Kimberley.

Mr. HERRIDGE: Have you considered Nelson at all?

The WITNESS: Nelson, yes, that is part of the general area; it would serve all that general area around Trail and Kimberley.

Mr. JONES: Is that on the all-Canadian route?

The WITNESS: We hope to get a profit up there but we have not developed that yet; I do not know whether it is possible or not; they are scattered along quite an area and whether or not we can serve them, I do not know.

Mr. JONES: Mr. Chairman, I understand that not only one pipe line will be eventually built to the coast. At the present time we have granted a charter to one and one is applying and soon we will have three gathering gas in Alberta in the same area and delivering to the same customers on the coast. I understand that it is not economically sound to have three pipe lines. Each company is going to serve the coast, but on what basis? Is it on the basis of cheapness which results from the location of the route to be followed or on what basis is it? Can we find out which? I do not know whether you can answer that question or not.

The CHAIRMAN: I think that is hardly a fair question to ask Mr. Dixon; he is not in a position to reply for possible competitors. What do you think, Mr. Dixon?

The WITNESS: Well, I can give some figures that might be helpful, excepting for the areas that are around Vancouver which a pipe line would serve. As near as we can figure the projected line of ours would serve around thirty-two thousand customers in British Columbia, and the Yellowhead route would

serve fourteen thousand to fifteen thousand, the big difference being that there is a very great deal more population in Cranbrook, Nelson, Kimberley and that area than there is further north.

Mr. GREEN: But they are going into the Okanagan and into Trail.

The WITNESS: They do not show that in their plans.

By Mr. Jones:

Q. You have branches on your plan here.—A. We have been considering it. There are several branches that might be considered but in planning the general project we have not considered some of the small branches.

Q. Is it unfair to ask the question. You said, two other pipe lines are going to be eliminated on the grounds of route or how?—A. I do not know. That will be up to the Board of Transport Commissioners.

Q. Am I correct in stating that the Board of Transport Commissioners will possibly grant the three charters?

Mr. GOODE: On a point of order, Mr. Chairman, the witness is being asked to anticipate a verdict of the Board of Transport Commissioners. I do not think the question is fair.

The CHAIRMAN: I quite agree. You may proceed.

Q. Are there any other comments you wish to make in connection with market surveys?

Mr. GREEN: A little louder, Mr. Connolly, please. We cannot hear you.

By Mr. Connolly:

Q. I was just asking: Are there any other comments you wish to make in connection with market surveys?

Mr. MURRAY: Might I ask,—

The CHAIRMAN: Will you postpone any further questions until we clear up Mr. Connolly's examination, and then we will proceed in an orderly way.

The WITNESS: Just to give the proportion of the gas which will be sold in British Columbia, and in the United States. In British Columbia, according to our estimates, which are based upon the estimates given to us by the British Columbia Electric Company, all British Columbia will take approximately 11½ billion cubic feet of gas per year on the low estimate of the Consolidated Mining and Smelting Company. That would be increased by 2·3 billion if their larger estimate should become effective. There will be sold in the United States approximately 63½ billion making altogether approximately 75 billion per year or 205 million cubic feet per day. This gives an average daily consumption in Canada of about 32 million and an average daily in the United States of 173 million to put it on a daily basis.

The question was asked, I think, was on what the peak load would be based. The peak would be on the capacity of our line as presently contemplated. As it leaves the Pincher Creek area we will be taking 205 million cubic feet a day.

By Mr. Connolly:

Q. Yesterday I was asked about the fabrication of pipes. I understand you have had some discussions with the Dominion Bridge Company on that subject?—A. Yes, I have had many discussions?

Q. And I understand there has been a letter written to you with reference to those discussions?—A. There has.

Q. Now, I have that letter here. Would you care to read it or would you have me read it, at the same time filing a copy?—A. That would be quite all right.

Q. The letter reads:

Mr. A. Faison Dixon,
Northwest Natural Gas Co. Ltd.,
111, Broadway,
New York City, N.Y.

Dear Mr. Faison Dixon,

Referring to our various discussions, we should like to confirm that we are interested in the manufacture of large diameter line pipe to A.P.I. specification for high test line pipe 5LX for cross country gas transportation system.* We propose to fabricate by methods similar to those employed in the U.S.A. (and based on attached operation manual) using the submerged arc welding process and expanding the material so that when the pipe is finished, the steel will have a minimum yield point of 52,000 psi.

You requested us to give you an indication of price, and we believe that this will be in the neighbourhood of \$185-\$195 per net ton f.o.b. cars or trucks, Calgary. The price is exclusive of sales taxes and is based on plate being supplied by Canadian mills. It is further based on our understanding that the Canadian portion of the Alberta Natural Gas Company line would require approximately 400 miles of pipe of 20" diameter or over.

Yours very truly,

DOMINION BRIDGE COMPANY, LIMITED.

J. S. WALSH,
Sales Development Manager,
Eastern Division.

* or ASA code for pressure piping B31.1, section 2, Division 2 for cross country gas transportation systems.

JSW/EB
Encl.

Would you care to elaborate on that letter, Mr. Dixon?—A. I have had many conversations over a year with Mr. Walsh of Dominion Bridge and this is a sort of end product of those conversations.

Mr. SMITH: There are many of those abbreviations in that letter that I do not understand.

The WITNESS: All I can say is I am no authority on steel but the American Petroleum Institute gives certain specifications and the pipe fabricating company has to meet them, and you hire an inspector who is familiar with those details to watch the pipe as it comes out of the mills to see that it meets the specifications. They are considering a plant in Calgary and that is where they possibly will build this plant. These prices are fairly competitive with American prices delivered at the same points.

Mr. MURRAY: How many men would that plant employ?

The WITNESS: I have no idea. It is a big operation.

By Mr. Connolly:

Q. You have also had discussions—

By Mr. Smith:

Q. They mention the price in there of \$185 per ton for your steel. Is that the basis of your figures of cost you gave us yesterday?—A. Yes.

Q. You had it at \$140 a few months ago.—A. The prices have gone up since then.

By Mr. Herridge:

Q. The 400 miles of pipe mentioned in there is the length of the pipe proposed to be laid in Canada?—A. Yes.

Q. That would indicate that the pipe would leave Canada at Kingsgate then?—A. We could guarantee them that much by assuming it going in at Kingsgate, but then there is considerable pipe on the other end of the line going forty miles or so into Vancouver.

Mr. CONNOLLY: This is the minimum which you could ask them to quote on at the moment without being authorized to build your route?

The WITNESS: Yes.

Mr. SMITH: It is based on crossing at Kingsgate is it not?

The WITNESS: Yes, that is the minimum.

Mr. GREEN: The rest would be bought in the United States?

The WITNESS: I do not know if we went in the other direction all the way in Canada where the Dominion Bridge would build a mill, but I think it would still be in Calgary.

By Mr. Connolly:

Q. They would be prepared to supply the pipe if you were authorized to build an all Canadian route?—A. Yes.

Q. In other words, you were dealing here with him on a minimum basis as a start?—A. That is the idea.

Mr. SMITH: On the basis of minimum miles in Canada.

Mr. CONNOLLY: Yes.

By Mr. Ferguson:

Q. If it was an all Canadian route would Mr. Dixon say if they would supply all the pipe for the Canadian route in Canada?—A. That has been our intention all the time.

Q. If it was an all Canadian route, instead of 400 miles it would be how much pipe?

Mr. KIMBERLEY: It is on the map. It would be 1,011 miles indicated by route "A".

The CHAIRMAN: Please proceed, Mr. Connolly.

The WITNESS: I think under the ordinary conditions we would buy the pipe in Canada but I would think to get it done in any reasonable time, I do not know whether they could furnish the steel from Canadian sources; it might be that it would be much cheaper to bring the steel up from San Francisco or even from Australia. It might be a great deal more economical to use, in Canada, steel from outside sources.

Mr. ADAMSON: Did you say even from Australia?

The WITNESS: Yes. We have been negotiating on that.

Mr. MURRAY: Or you could buy it from Great Britain?

The WITNESS: The freight rates almost seem to preclude that. You can get it from Australia cheaper than from Great Britain.

Mr. GOODE: Did I understand you to say that the Dominion Bridge Company would build a plant in Calgary for fabricating pipe for this particular job?

The WITNESS: Of course, they would have to have the prospect of additional pipe orders; they could not build it otherwise, but with this as a leg-up they will go ahead and do it.

Mr. SMITH: They make smaller sizes of pipe too?

The WITNESS: No.

By Mr. Connolly:

Q. What do you expect to do about the smaller sizes?—A. We expect to buy that in Ontario.

Q. Have you had any discussions with firms on that?—A. Yes.

Q. Would you say who?—A. The Page Hersey Tubes in Welland.

Mr. GOODE: May I ask a question, Mr. Chairman: the suggestion was made in the House of Commons that certain men would take plate, steel plate and bend it when it came to where it was going to be laid? In fact a very influential member who took part in the discussion, I will not say filibuster, because Mr. Green does not like that.—

Mr. GREEN: I do not mind.—

Mr. GOODE: You are protecting yourself but not the party I am talking about. This member, who is the member for Kamloops, made the suggestion in the House that pipe could be manufactured on the job. That is, they could get plate steel and bend it when it arrived on location. What do you think of that, Mr. Dixon?

The WITNESS: I have heard it talked of a great deal but I have never seen it done.

Mr. SMITH: Obviously impossible, is it not?

The WITNESS: No, I would not say that, it might possibly work. I have heard people who think they can do it and to hear them talk it sounds possible.

Mr. GOODE: Have you ever seen it done?

The WITNESS: No, and I have never heard of it being tried.

By Mr. Connolly:

Q. Would you care to say something about the proposal for financing this project? First of all what about the initial expenses which have and will be incurred before the project is definitely set up, as a project to be developed?—

A. Well, all the expenses up to now, or up to the time public financing takes place have been borne by a private group, and no stock has been sold to the public at all.

Q. Is that private group American or Canadian?—A. Both.

Q. When the project is developed I understand you mean to go to the public for your financing, for your money?—A. Naturally.

Q. Now, will the offer be made to the public both in Canada and the United States?—A. Yes, we expect to sell as many of our securities as we can in Canada. The sale of securities is under the Foreign Exchange Control Board and we will be guided, to put it mildly, by what they say.

By Mr. Ferguson:

Q. Might I ask, if dividends are paid, will they be paid in American or Canadian funds?—A. That would be up to the Foreign Exchange Control Board.

Q. Well, a lot of Canadian securities are sold with guaranteed payment of interest or dividends in American funds. The reason I ask that question is that I want to refer it to a question I asked yesterday, to which you replied that you were permitted to receive seven per cent interest on your cost of operations and capital investment? Is that right?—A. Well, that is what I hoped, but they change those interest returns that you can earn at the discretion of the commission.

Q. May I go a little further: that power that you will have as the carrying power is granted by the federal government, not a provincial government, due to your interstate or intraprovincial operation, is that right?—A. That is right.

Q. And the amount that the commission allows you to earn and determines what you can receive or charge is arrived at from your capital investment and your cost of operation. That is not settled by the provincial government but will be settled by the federal government?—A. I do not know.

Q. The fact that you are permitted to earn seven per cent in Canada—where do you get that figure?

Mr. GOODE: He did not say that.

The WITNESS: I said that the earnings that had been allowed in Alberta were set as seven per cent, that is what had been done, but I have been informed that in all cases it is in the discretion of the commission to let the company in Alberta earn what they think is proper.

Mr. Ferguson:

Now, Mr. Connolly, maybe you could answer this question. Do you know if the provincial government has any say there?

Mr. GOODE: On a point of order, Mr. Chairman, we would not give permission to question two witnesses yesterday, how is it being done today?

The CHAIRMAN: Order.

Mr. GOODE: On a point of order, Mr. Chairman, we did not allow that privilege yesterday.

The CHAIRMAN: Mr. Ferguson, we outlined a procedure, and I think it is only fair that we stick to it. You will have the privilege of examining the witness and he has been good enough to postpone his examination. I do not think you should go on at this point. You can have an opportunity later.

Mr. SMITH: Mr. Chairman, I have been guilty of breaching the rule and I agree we will never get anywhere if we are all allowed to intervene and I would suggest, sir, that you pick me up on that the very first time I attempt to break that ruling and sit on me and sit on everyone else until Mr. Connolly has ended his examination.

The CHAIRMAN: I think from now on we should finish the questions and examination of Mr. Connolly.

By Mr. Connolly:

Q. Mr. Dixon, first of all, in connection with the financing, your group has had discussions with certain Canadian financial houses?—A. Yes.

Q. I do not want to clutter up the record with a lot of things but I have here a letter from A. E. Ames and Company, written from Toronto in April of this year. Would you care to have me read that for the record?—A. Yes.

Q. It is written to Mr. Dixon and dated April 19, 1950, and it reads:

A. Faison Dixon, Esq.,
President,
Northwest Natural Gas Co.,
111 Broadway,
New York City.

Dear Mr. Dixon:

As you know, we have had many discussions, extending over almost a year, regarding your proposed pipe line to carry gas from the gas fields of Alberta to the Pacific coast. We are familiar with the outline of your plan, and, although we realize that at this time the details of any financing plan cannot be definitely arrived at, we agree with you that, as part of

the cost of such a pipe line would entail expenditures in both United States and Canadian dollars, it should be financed partly in the United States and partly in Canada.

We feel strongly that, in the development of such important natural resources of Canada, Canadian investors should have an opportunity to share broadly in the distribution of both the senior and equity securities of the company. We are glad that you concur with us in this opinion.

We are pleased to advise you that if and when you secure the necessary authorizations from the various governmental bodies concerned and have arrived at a plan satisfactory to Messrs. Morgan, Stanley & Co. and ourselves for financing your project, we shall co-operate with them in taking the proper steps to raise the necessary funds.

Yours very truly,

A. E. AMES & CO. Limited.

(sgd) C. G. FULLERTON.

C. G. Fullerton: MRM.

There have been some discussions with other Canadian financial houses, Richardson, Tanner, Greenshields and others?—A. Yes, sir.

Q. And you have made similar arrangements with them?—A. Yes, sir.

Q. Now, would you tell the committee what you have in mind with reference to the financing of the type of securities?—A. Well, at the present time, a company being financed such as this would probably put out something in the neighbourhood of 75 per cent of the securities—or get 75 per cent of the money shall I put it that way,—in mortgage bonds; some of which might be sold to the insurance companies. The other 25 per cent would be divided in the equity type of security. Part of it would be either in convertible debentures or preferred stock and the rest of it would be in common stock. Just the proportion of the debentures, preferred stock, common stock, and bank loans, depends upon the circumstances of the moment, and, I think, upon the Foreign Exchange Control Board. I think to a great extent the Foreign Exchange Control Board will have a word to say as to how you get funds either from the States or how funds shall be brought into Canada; whether they want to have the funds raised in the States to help out somewhat, or just what they want to do, I do not know. They will be able to determine just exactly what they do.

Q. You have a firm undertaking from Messrs. Morgan Stanley and Company with reference to this procedure?—A. Yes, not only with them; but they are very active in working with us and they have been ever since they joined us.

Mr. ROONEY: Who are the auditors?

The CHAIRMAN: I am sorry, Mr. Rooney, but we are going to follow the agreed procedure. However, Mr. Connolly has said he is finished with his questions and I believe that now Mr. Green would like to ask questions of the witness. Mr. Green has been very patient so far and I hope that he will be very brief.

Mr. McCULLOCH: That will be impossible.

By Mr. Green:

Q. Mr. Dixon, in your bill you are asking for the power to transport oil as well as gas, are you not?—A. That is in the bill, yes.

Q. Is it a fact that the oil would go by the same route, or have you some other route in mind for the oil?—A. We have nothing in mind right now in regard to oil.

Q. Now, if you were to transport oil would you transport it by the same route?—A. That would be impossible to say; it might be and it might not. We have no plans on the subject and do not know where we will get oil; we do not have any plans whatever.

Q. Of course you have neither oil nor gas?—A. Well we have contracts for gas.

Q. But you have not any gas that you have developed yourself?—A. No, and we do not expect to have.

Q. Can oil be piped by a gas line?—A. No, unless it ceases to be a gas line—you have to change it in many respects.

Q. You know, Mr. Dixon, that in the Senate last fall you were asked:

"Now the type of construction you have in mind, Mr. Dixon, would allow this pipe line to be converted to an oil line?"

And your answer was:

"Any gas line can be converted to an oil line by putting in pumping stations in place of compressor stations."

A. That is true but you cannot use it at the same time for both. It has to be changed.

Q. Once you have this pipe line installed it can be switched over to oil?—A. It would take probably a year to do it.

Q. But it could be done?—A. Oh yes, it could be done.

Q. And you agree, as I understand it, that there will only be one line, in the practical working out of this problem, from Alberta to the Pacific coast, because there is only a market on the Pacific coast for the products of one line?—A. As of the moment that is true.

Q. No possibility?—A. No, I did not say that; I say, as of the moment.

Q. And once a pipe line such as that contemplated is installed, how long will that pipe line be of use?—A. As long as there is gas to supply it and market facilities.

Q. How long would the pipe line of itself be of use?—A. I know of pipe lines over 50 years old and still in good condition.

Q. I understand that you have given evidence somewhere else to the effect that once this pipe line is installed it is good for one hundred years?—A. I think that is more or less true. It is like a railroad is good. You keep repairing it; if any part of it is in an area that is rusty well you repair that part. In the course of time you may not have much of the original steel but the pipe line is still going.

Q. We are then considering a problem which is going to affect several generations, are we not? This is a long range proposition?—A. Certainly you cannot build a pipe line unless you feel secure for at least twenty years.

Q. Now, Mr. Dixon, so far you have made no attempt to compare your route through the Crow's Nest Pass with a route through the Yellowhead Pass, is not that right?—A. No, I cannot say that, as I have taken a look at the Yellowhead. But in considering the possibilities of the Yellowhead Pass we did not make a careful study of it such as we have done in the case of the Crow's Nest Pass.

Q. Your study was of the Crow's Nest Pass and any consideration given to the Yellowhead Pass was merely incidental?—A. That was as to the elimination of that route at first, as the other area seemed better to concentrate our efforts on. We would have to spend at least \$25,000 before we would be in position to compare the Crow's Nest Pass with Yellowhead.

Q. You have spent \$350,000 to date on your investigation but you have not felt that it was worth while to spend \$25,000 to make this investigation of Yellowhead?—A. That is correct.

Q. And you are perfectly free to select the Yellowhead Pass route and to build through there if you wish, are you not.

AN HON. MEMBER: No, no.

THE WITNESS: I wish that were true.

By Mr. Green:

Q. Nobody is placing any restrictions on your building your pipe line through the Yellowhead Pass route?—A. No.

Q. And there is a railway over that route for practically the whole length of it—the Canadian National main line.—A. That is contrary to the testimony as given, which is all I can say. The contemplated line was twenty miles away from the railroad, according to the testimony given in Alberta but I am not certain—

Q. Any pipe line through the Yellowhead Pass route would be within very easy reach of the Canadian National main line?—A. I do not know where they are contemplating putting the line or where I would put the line if I was up there—after it passes south of Mount Robson.

Q. The position is this, is it not? You want to get your gas out of southern Alberta from Pincher Creek? That is where your attention is focused?—A. Not necessarily, we want to get the gas where we think we can get it cheapest and in the largest volume.

Q. Well your interests are in the southern Alberta area?—A. We think there is a better chance of getting large volumes of gas in southern Alberta than there is in northern Alberta.

Q. And you said yesterday there was far more gas in southern Alberta than there was north of Calgary?—A. North of where?

Q. Than there was in northern Alberta?—A. I think that is certainly my opinion.

MR. SMITH: Did you mean north of Calgary, Mr. Green?

MR. GREEN: I changed that to northern Alberta.

MR. SMITH: Well, did you mean that?

MR. GREEN: I mean what I said.

THE CHAIRMAN: Get together you fellows.

MR. GREEN: We will have to leave Mr. Smith pick up the mistakes I make.

MR. SMITH: I will certainly pick that one up.

By Mr. Green:

Q. Will you point out the areas on the map again? Where in relation to Edmonton is the Yellowhead Pass?—A. Edmonton is here.

Q. Yes?—A. The Yellowhead is this region right here: from Jasper, I suppose you would call it, to Mount Robson.

Q. Will you trace the main line of the Canadian National Railways south from there?—A. It follows this route here.

Q. To Kamloops?—A. Yes.

Q. Now, Mr. Dixon, I would like to get your opinion about the Peace River district. You have said that you are an expert on gas and oil matters and I am not questioning that. By way of explaining my question, let me point out that in British Columbia the only area of the province in which there is oil and gas bearing land is in the Peace River district. As you know the Rocky mountains run off across northern British Columbia—A. I would not agree with your statement.

Q. That is a generally held belief?—A. The Royalite Oil Company is drilling a well on the Queen Charlotte Islands and they certainly would not agree with you.

Q. I beg your pardon?—A. I say that the Royalite Oil Company is drilling a well up in the Queen Charlotte Islands and I certainly believe that they at least would not agree with you.

Q. I certainly will be happy if they do get oil there but the only place that there are extensive explorations for oil and gas in British Columbia is in the Peace River district, is it not?—A. I do not know that—there is no well being drilled there.

Q. You do not know whether there are any wells being drilled there?—A. No.

Q. Can you point to the Peace River district on the map?—A. There.

Q. That is for British Columbia and Alberta?—A. Yes.

Q. Where would it be in Alberta?—A. That would be here—this part here (indicating).

Q. Do you not think that what is to happen to the oil and gas in that Peace River district of British Columbia is very important to the development of western Canada?—A. I think it is very important but they have not found enough gas and oil up there to be of any importance as yet; but it is a large area that is prospective.

Q. It is being very heavily prospected at the moment?—A. No, I should disagree with you.

Q. Mr. Dixon, you were asked about the Peace River district before the Senate committee last year and the question was: "What have you to say with regard to northern British Columbia, the Peace River area in British Columbia?" And your answer was: "I think that is clearly academic. Practically speaking no gas has ever been discovered with the exception of one very small well in British Columbia, so that is purely academic." Now do you stand by that answer?—A. No, there have been six wells drilled since then in British Columbia, one of which was a good well.

Q. Then you were asked: "Have you given consideration to the gas production in the Peace River area of Alberta?" And your answer was: "The Peace River area has, practically speaking, no gas at all."—A. That is still correct.

Q. You stand by that?—A. No, I would like to correct that. There is no gas as yet discovered, but I am firmly of the opinion that in the course of time there will be oil and gas discovered in the Peace River district.

Q. You believe that in the course of time there will be oil and gas discovered in the Peace River? Then you were asked whether your line was designed to service that area and your answer was: "Not necessarily; we could build a line. If there is gas found there we are in a very good position to get it."

Now what plans have you for getting gas and oil out of the Peace River district of Alberta and British Columbia?—A. We have a line projected to extend north of Edmonton. We have no plans at present to build any line up into this district as we do not believe that it would be economical to do so. The gas would cost a lot.

Mr. SMITH: "This district" means Peace River?

By Mr. Green:

Q. You mean the Peace River district? So in effect your plans completely ignore the Peace River district?—A. I cannot say they ignore it but we have no line up into that general neighbourhood—not in the general neighbourhood but as far as any projected line—

Q. How many hundreds of miles is it from that line you have got a few miles north of Edmonton, to the Peace River district?—A. It is about three hundred.

Q. It is more than that?—A. No, it is about three hundred.

Q. I see. And you have given no consideration whatever to getting oil or gas out of the Peace River district into British Columbia?—A. Yes, I have thought a lot about it.

Q. How are you going to do it?—A. The only possible way to do it is to forget about bringing it south where you would have so many huge mountains to cross. But, if gas is developed here in the Peace River area around we will say St. John, which is not very far from the Pouce Coupe where there is a little gas, the nearest possible market for that would be Prince Rupert, where there seems to be a possible large demand which would be of course necessary. The route would be through terrain which is not impossible. It would depend upon the development which we all hope may take place in Prince George and back up through to Prince Rupert where the great mills for aluminum and making cellophane are suggested.

Q. Then, the proper outlet from the Peace River would be through one of the passes in the Rockies into the city of Prince George?—A. Through to Prince George, depending of course on the market. You have of course no market at all for a pipe line but I have heard that they intend to construct an aluminum plant in the general neighbourhood between Prince George and Prince Rupert and also a large cellophane plant considerably west of Prince George. I do not think there is any big industry contemplated in the immediate vicinity of Prince George but you hear all manner of rumours and, of course, I am not familiar with constantly changing projects and plans.

Q. Mr. Dixon, one of the things which appeals to us so greatly on the coast is the possibility of getting an outlet from the Peace River for oil and gas?—A. I think Prince Rupert—

Q. Of course, if the main pipe line comes through Yellowhead Pass then that main pipe line is within reach of Prince George?—A. No, it is a long way from Prince George.

Q. Well it could be built?—A. You can build a line anywhere but it is a tremendous distance from Prince George.

Q. From Prince George you could join up with it?—A. Not economically, no.

Q. Your pipe line comes across southern British Columbia and is absolutely of no use to the Peace River or northern Alberta and northern British Columbia?—A. Our line would be of no use to the Peace River.

Q. I would like to compare two of your routes—route A and B. Route A is the one on which the main line will run all through Canadian soil to Vancouver with two branches, the first one going off there from Trail to Spokane and the second going off from Aldergrove to Portland, Oregon. Those places I have named are correct, are they not?—A. They are correct.

Q. And Route B has the main line in the south-eastern corner of British Columbia as far as Kingsgate and then it goes to Sandpoint, Idaho; Newport, Washington; Spokane, and on to Monroe on the coast of Washington? That is correct is it not?—A. That is correct.

Q. Then it turns south to Seattle and Portland?—A. That is correct, and north to Vancouver.

Q. By the way, if you build on route B what is the size of the pipe line from Monroe to Seattle?—A. Twenty inches I believe.

Q. And from Seattle to Portland?—A. I think we have twenty inch all the way down; I am not certain of that, we have a great many variations.

Q. Have you any plans to extend it south of Portland?—A. No.

Q. Have you made any surveys south of Portland?—A. No, there would be no possibility of that as the Portland Gas Company already has a line extending down south as far as Eugene where manufactured gas is transported to the south.

Q. Have you had discussions with them on the matter?—A. We have had some discussions.

Q. So in effect this Canadian gas will go south a lot farther than Portland?—A. It will go south as far as Eugene.

Q. Will it go to California?—A. It could not possibly go there.

Q. What is the size of the pipe line from Monroe to Vancouver?—A. Twenty-two inch.

Q. Then, of course, there are two branches in British Columbia on this route; the one from Newport into Trail and the one from Monroe into Vancouver? That is correct is it not?—A. Yes.

Q. Those are the only places in British Columbia that will be touched by this pipe line except for a short distance through east Kootenay?—A. There will be Cranbrook, Kimberley, and Nelson—the towns that would be served naturally from Trail.

Q. You said yesterday that the total cost of building route A, that is the all-Canadian route—would be \$110,600,000?—A. May I make another statement on the cost; it may clarify the situation.

Q. Well, could I get that figure on what would be the cost of the all-Canadian route?—A. The cost of the grid system, which of course is common to any project is \$23,872,000 for the pipe line and \$2,795,000 for the compressor stations.

Q. What is the total?—A. \$26,667,000.

Q. That is for the grid system entirely in the province of Alberta?—A. As far as Pincher Creek junction.

Q. It is entirely within the province of Alberta?—A. Yes.

Q. That figure is common to all five routes?—A. Yes, sir.

By the Chairman:

Q. Is that included in the five routes indicated here?—A. That figure is not included in the cost.

Q. It is not included in the cost that you have submitted on the charts?—A. No, the costs shown here are just costs for the line and compressor stations to the points shown.

By Mr. Green:

Q. The figures you have given on these sketches we have today are all from Pincher Creek and do not include the cost of the grid system in Alberta?—A. That is correct.

Now, I would like to make an explanation of these costs. These are construction costs—the bare construction costs that the engineers estimate that they should be able to build for. We have to add a great deal to them to get the final actual cost but, as that is common to all projects for comparative purposes, these costs, I think, are the most valuable.

Q. Well, would the figure which has to be added to get the final total cost be the same for all five routes?—A. It would be the same percentage of the cost.

Q. The same percentage of the cost?—A. Yes, but we have not got contractors' profits and we have not got interest during construction, and those things.

Mr. MORT: Pardon me, Mr. Chairman.

Mr. GREEN: Well, may I finish?

The CHAIRMAN: Would you let Mr. Green finish?

Mr. GREEN: If I am to be interrupted it is hopeless.

The CHAIRMAN: Well, it is almost one o'clock.

Mr. GREEN: I am not nearly through.

Mr. MOTT: I am sorry, Mr. Green, but it is one o'clock and I was going to make a motion that we adjourn until four o'clock.

Mr. GREEN: I will carry on afterwards.

The CHAIRMAN: Before I put the motion I see that Mr. McCulloch has a motion to include the charts in the record of our proceedings.

Agreed.

The CHAIRMAN: The meeting will adjourn until four o'clock.

The committee adjourned until this afternoon, Thursday, April 27, 1950, at 4.00 p.m.

April 27, 1950.

AFTERNOON SESSION

—The committee resumed at 4:00 p.m.

The CHAIRMAN: Gentlemen, will you please come to order. Mr. Dixon would like to make a brief statement, and with your consent we will have him do so.

Mr. GREEN: I still have the right of way, of course, Mr. Chairman.

The CHAIRMAN: Yes, you have the right of way as soon as this statement which is relevant to the whole situation is given.

Mr. A. F. Dixon, Geologist and Engineer, recalled:

The WITNESS: During the noon hour I have had the pleasure of talking with Mr. Prudham and Mr. Decore, and I am sorry if there has been some misapprehension of what I was saying or trying to say, in regard to the route through the Yellowhead pass. I do not want to give the impression at all that we had just brushed that route off and brushed off northern Alberta. We are making a study of that route. Three months ago we engaged the services of Ebasco Services, Incorporated, which is a large engineering company in New York, one of the largest, to study the Yellowhead pass, as there has been great disagreement among construction engineers on how to get through that pass and the cost of construction of a pipe line through it.

Mr. GREEN: That is the pass down near the coast, is it not?

The WITNESS: That is the pass that runs from Hope to Princeton.

Mr. ROBINSON: Would you mind indicating that on the map, Mr. Dixon?

The WITNESS: This pass is common to any route coming through Canada, either from the Yellowhead, or coming through Trail. You must go through that pass. There is no other possible route. We are going to study carefully the possibilities of coming down in that direction. One great disadvantage of that route, of course, is that it leaves Trail and a very considerable population in that neighbourhood off of the line or the possibility of getting on the line. But we will certainly want to, before we go before the Board of Transport Commissioners, have all the facts in hand and we will try, of course, to keep an open mind on the whole affair. Now, as far as Alberta is concerned, looking at it from the other side, the Alberta government are the ones who will decide from what fields the gas is going to be taken. They have that right and that is the law. It is perfectly evident that if the gas should come from the south,

the Crow's Nest Pass is the most convenient. If they should decide that the gas should come from the north, there would be some differences of opinion on the subject. To my mind the gas which has been discovered and what can be called proven is more abundant in the south than in the north. Possibilities to the north are enormous. It has not been developed to anything like the extent that it has been in the south.

Mr. SMITH: When you say north and south where is your dividing line?

The WITNESS: I would say fifty miles north of Edmonton.

Now, the line going up to the north of Edmonton could take gas from the fields in that region, although the amount of gas that the geologists who have been acting for us, consider is not now in as great a volume as proven, still there is a very large prospective area in all the northern part of Alberta for the discoveries of oil and gas. I have been asked the question of how many lines should be built and I have said, as of the moment, it looks as though only one line should be built. Personally I think there is enough gas in the north or south to build a line. That is where Alberta wants to have the gas taken from.

We will, of course, abide by the decisions that we have to make. This enterprise involves a tremendous amount of money and one cannot afford not to try to get all the information they can before going ahead.

I thank you.

The CHAIRMAN: Mr. Green, we will now continue from this morning.

By Mr. Decoré:

Q. In view of the statement that was just made I want to ask one question. I understand, Mr. Dixon, it will cost approximately \$25,000 to survey that Yellowhead route. Is my understanding from the evidence you gave us this morning correct?—A. If we do it with the same care we exhibited on the other routes it will cost that much.

Q. Am I to understand that before you go before the Board of Transport Commissioners you will give this route such study as you have all these other five routes you already outlined?—A. Yes.

Q. In other words, you will do that before you appear before the Board of Transport Commissioners?—A. We certainly will.

The CHAIRMAN: Mr. Green.

By Mr. Green:

Q. Mr. Dixon, what about oil in Alberta? Is it not a fact that most of the oil is around Edmonton and north?—A. The main discoveries of oil have been made around Edmonton.

Q. And the Yellowhead Pass is the natural outlet to the west coast for oil, is it not?—A. I would not necessarily say that. I do not know enough about it.

Q. You would not say that it is not the natural route outlet?—A. I do not know enough about it.

Q. Before the committee adjourned at noon, we were going into the question of the cost and, of course, you realize just as I do, myself, that the comparison as between the cost of the Yellowhead route and the cost of the Crow's Nest route is what I want and you are not in a position to give us that. You are only able to give us the cost as between your five different Crow's Nest routes?—A. I cannot give any cost estimates such as I have on this. I can give my opinion from the part I have seen, that is all I can do.

Q. Will you give us now the cost of route "A" which I call the Canada-first route, which has two branches to the United States, one down to Spokane, and one down to Portland, or as you said this morning, the gas was going to go right down to Eugene, which is one hundred miles further south than Portland, and then the cost of the United States-first route which is route "B", where the situation is just the reverse, and the main line goes through the United States

and there are two branch lines up to the north in Canada, one to Trail, and one to Vancouver. Can you give me those figures?—A. Starting at Pincher Creek Junction, the construction costs of the line, which we have called route "A", as shown on the sketch map, leaving out of account the grid system, is \$78,806,000.

Q. Leave out what, Mr. Dixon?—A. The grid system.

Q. Well, then, you said this morning that there were some additional costs to be added on, of which you gave as an example the contractor's profit, and I do not doubt that the contractor constructing this line is going to make a profit. Now, what is that additional figure that has to be added to the \$78 million for that?—A. I would say four or five per cent.

Q. Four or five per cent in each case?—A. Yes.

Q. And then are there any other figures to be added to arrive at a total cost from Pincher Creek to the end of the line? What other figures are there?—A. There are the organization expenses and the chief expense is the interest during construction.

Q. Which?—A. The interest during construction.

Q. Interest on the money borrowed?—A. On the money. If it takes three years, which this line might take, that would run to twelve per cent.

Q. Twelve per cent. Can you not give us the total figure, that is the total cost from Pincher Creek to the end of the line?—A. That would be adding, well, approximately seventeen per cent to these costs. I cannot figure that out in my head.

Mr. HARKNESS: Seventeen per cent on the \$78 million?

The WITNESS: Yes, seventeen per cent on the \$78 million.

By Mr. Green:

Q. In other words, from Pincher Creek to the end of the line will cost \$78 million plus seventeen per cent.

By Mr. Smith:

Q. That includes contingencies on your costs; there are contingencies in this estimate of construction costs?—A. The interest during construction might be a little larger. It is a little difficult to figure whether we can do it in two or three years.

Q. Of that figure, how much would be spent in Canada and how much in the United States on route "A"?—A. In Canada \$56,712,000; in the United States \$22,094,000.

Q. And you have to add on to that, of course, the other charge of seventeen per cent?—A. Yes.

Q. What should be the length of pipe if that route were chosen which would be in Canadian territory entirely?—A. I have not got that figure with me. If my memory serves me it is about 1,012 miles.

Mr. SMITH: It is on our map here.

The WITNESS: Pardon me, is 1,011 miles.

By Mr. Green:

Q. That is not the figure I want because that figure includes quite a length that is in the United States?—A. I have not that figure with me.

Q. Could you get that figure for Canada?—A. Yes, I could get that for you for tonight.

Q. And then to come back to route "B", which is the route down to Spokane and so on to Vancouver and Washington. What are the figures for that route?—A. The corresponding figures are: in Canada, \$19,386,000; in the United States, \$42,476,000.

Q. Plus, in each case, the seventeen per cent?—A. Yes. Pardon me, no. In this case, I would only add, as I think it can be done, constructed, in two years, the interest during construction would be four per cent less, so it would be thirteen per cent in this case.

Q. Well, there is a difference then in the amount spent in Canada on these two routes of about, what was it, about \$40 million?—A. Less than that. About \$20 million, something like that.

Q. What was the figure for route "A" again?—A. As I figure the difference, the total cost, you are asking—

Q. No, no, the difference between the amount spent in Canada on the two routes. To go by the all Canadian route, I think the amount spent in Canada is to be \$56 million.—A. \$56,712,000.

Q. And if you go the other way, it was to be \$19 million?—A. \$19,386,000.

Q. That is a difference of about?—A. \$35,424,000.

Q. Then, have you got the similar figures for your other three routes?—A. I have not got them here, no. They are intermediate figures between these two extremes. I have not got them worked out.

Q. You have not got the costs, either, for those?—A. I have not got that divided. I have the total cost but not the figures for the division.

Q. You have given figures on your sketches?—A. Yes.

Q. But you have not got the division as between the amount to be spent in Canada and the United States?—A. No, I haven't got them, no.

Q. Could you get them?—A. I do not know whether I can pick them out or not it is quite a piece of computation.

Q. By the way, in arriving at your figures for the amount spent in Canada, in the case of the United States route, do you charge the whole of the branch line up to Trail as a Canada expenditure?—A. Only the part in Canada.

Q. And the same for the branch at the coast, at Vancouver?—A. Yes.

Q. Will you also get the cost of the mileage in Canada for the United States first route?—A. I have not got that.

Q. You can get that, can you?—A. Yes.

Q. Now, if the line goes over the border is it the situation that the equipment for building the line in the United States will have to be American equipment?—A. Largely.

Q. That will include pipe?—A. Yes.

Q. You do not suggest that Canadian pipe will be used in the United States?—A. The Dominion Bridge has given me a price for pipe that will be laid down in Alberta. Of course, we could use some of that in the United States unless the customs duties, which I do not know now, are too high. Part of that might be used in the United States, but the determining factor is the cost of the freight and the custom duties.

Q. Did you get from the Dominion Bridge their figure for pipe through the United States on your "B" route?—A. It would be the same cost.

Q. No,—did you get figures from the Dominion Bridge for your pipe on the United States portion of your "B" route?—A. No. It would be the same figure plus the freight plus any duty. Their cost is so nearly competitive that it might be cheaper to buy it from them than it would be from others.

Q. I asked that for this reason, Mr. Dixon, because this morning you said, or it was said in a letter from the Dominion Bridge Company, that you only asked for the price on the four hundred miles in Canada and you are not able to tell us what the cost would be for the pipe the rest of the way, if an all Canadian route was followed, and now this afternoon, you say you have discussed with them the supply of pipe for the American route?—A. I think you are wrong with your statement.

Q. You think I was wrong?—A. Yes.

Q. Then with regard to the maintenance,—the reason I asked that, Mr. Dixon, is this, I believe you people very much prefer this United States-first route?—A. On the subject of maintenance there is no question whatever.

Q. Well, on the maintenance, of course, if the line were in Canada, the maintenance cost would go to Canadians, and if it goes through the United States those costs would go to the Americans, is that not so?—A. That is self-evident.

Q. Then on the rates in Vancouver I understood you to say yesterday that the rate you expected in Vancouver would be thirty-four cents per thousand feet. —A. No, I did not say that.

Q. Pardon?—A. I did not say that. I said it would be somewhere from thirty-four, thirty-six, thirty-eight, depending on the route that was taken.

Q. It would be from thirty-four cents to?—A. Thirty-eight cents. That is as nearly as we can figure with the present price of steel.

Q. I also understood you to say that regardless of whether the line went through Canada or not, Vancouver would not get the gas any cheaper than Portland or Seattle. You said there was some sort of an arrangement that all these cities would get it at the same rate—A. The prices will be fixed by the authorities, but the general scheme that we would like to have, which is the ordinary scheme on any large pipe line, is that on towns along the line buy the gas under a rate structure at a price depending upon their load factor; if they are able to take the gas steadily and not have a high peak they get the gas cheaper; if they have a high peak in winter, then on the demand-commodity rates, the total cost of the gas is higher and we expect to put a rate structure into effect for all the towns, giving the same price no matter what route is taken.

Q. Well, now, suppose the line goes through the United States and there is just a branch line up to Vancouver, then what about rates?—A. Just exactly the same. Spokane, Portland, and Vancouver would all pay the same rates.

Q. I asked you that, Mr. Dixon, because in the reports of the evidence given before the Alberta Natural Gas and Petroleum Board,—I am quoting from a despatch of February 18th, from Calgary, which reports this evidence having been given there in the hearings of the West Coast Transmission Company:

We plan to go through the Yellowknife Pass; they say the total cost in Vancouver will be 29·2 per cent.

—A. Pardon me, that is not a correct statement, I was there and heard what was said.

Q. It says United States points will have to pay an additional 6·4 per cent per thousand feet bringing the cost there to 35·6 per cent, so apparently this other company is planning to charge a higher rate in the cities that are further away from the source of the gas?—A. In the first place, I do not accept your statement on the costs; that is not the testimony that was given there; it is something very different from the testimony that you are quoting as they did not know what price they were going to pay for the gas, they would never state that. Therefore, why in the world would they say what the gas was going to be sold for? They gave the transportation cost and that was all.

Q. Mr. Harkness tells me they took the gas in at five cents per thousand feet. In fact, this article says that the cost of gathering would be 5·9 cents per thousand cubic feet.—A. That was someone else's testimony.

Q. But they do not figure the way you do in that, they are charging Vancouver a lower rate than is being charged the American cities?—A. Remember they have to have the consent of the American consumers just as anyone bringing gas to Vancouver would have to have the consent of the Vancouver con-

sumers and they are certainly not being consulted on that, and how they could charge six cents more for gas for being brought in a few miles across the border—

By Mr. Green:

Q. Several hundred miles?—A. No, he said they were charging that six cents at Bellingham, just across the border.

Q. In other words, the Canadian consumers would get the gas at 6.4 cents cheaper than the American consumer?—A. Yes. They said something to that order but that is entirely unrealistic and cannot be done.

Q. That is not your plan at all?—A. Not all, because it cannot be done.

Q. Your plan is that the consumers in Vancouver will have to pay just as much as the consumer at Portland or Eugene which is one hundred miles south?—

A. You are going too far there because we are not bringing gas to Eugene.

Q. To Portland?—A. To Portland.

Q. Even though you put this line through to Seattle you are going to charge Vancouver the same price?

Mr. GOODE: On a point of order—

Mr. GREEN: I must object to the interruption; this is cross-examination.

Mr. GOODE: A point of order?

Mr. Green is using this as a court of law and even if he does so, he should not be allowed to make the statements he is making. He is making a statement and asking the witness to verify it. I say let him ask the question without making a long declaration.

The CHAIRMAN: I think he is well within his rights on any question he has asked, but if he would confine his statements to a little shorter time that would be all to the good.

By Mr. Green:

Q. Then, so much for the cost, Mr. Dixon. What United States centres are you planning to serve?—A. What United States centres?

Q. Yes?—A. The principal centres are all shown on these little sketch maps.

Q. Well, on route B you show Sandpoint, Newport, Spokane, Hanford, and Monroe.—A. And Seattle.

Q. Oh, yes; Seattle and Portland?—A. And the intermediate points along the way.

Q. You are serving such centres as Wenatchee, Washington?—A. That would be on route B.

Q. And Yakima? Yakima is a few miles from Hanford? Are you serving it too?—A. Well it will be a question of bringing it up with Hanford; whether they want us to serve any other places.

Q. And Walla Walla?—A. What?

Q. Walla Walla?—A. No.

Q. What about Pendleton, Oregon?—A. I do not know; that is one of the things that may come in the future but it is doubtful.

Q. Are there surveys being conducted in these American cities and towns now, to decide what gas they will use and what new industries they can establish?—A. We have made very elaborate and careful surveys—are making I should say—for those towns along with the operators of the gas companies.

Q. You have been negotiating with the operators of the gas companies in those various American centres?—A. And also in Vancouver. I do not say that we are negotiating; we are working with them on how much gas they can use.

Q. Now who are you working with in Canada?—A. With the B.C. Electric Company.

Q. I mean to say you are working with people in Vancouver, and with the Consolidated Mining and Smelting people at Trail?—A. Yes.

Q. Are you working with anybody else in British Columbia?—A. No.

Q. Have you any surveys of Fernie, for example, in east Kootenay?—A. For Fernie?

Q. Yes?—A. I think we have made surveys of all towns.

Q. You are not discussing the situation with Fernie?—A. No, we are not discussing it with them; as far as price is concerned we have not had any discussions.

Q. Or any of the cities in the Okanagan?—A. No.

Q. Or in the Upper Fraser Valley?—A. No. In our discussions with the B.C. Electric Company it appears that they want to take the gas over and bring it up the Fraser Valley. They do not want us to build the line up there; they want to do it themselves.

Q. I see; that brings me to one of the statements in your memorandum. Mr. Dixon, on page 8 where I find: "Thus, the proposed system will supply more natural gas to more users in Alberta and British Columbia than any other proposed gas pipe line system."—A. We made that statement, yes.

Q. How can you justify that statement?—A. Because we serve more people.

Q. If you put your line through the States how can you justify that statement?—A. Because, starting from the grid system, to Kingsgate, and the area around Trail—towns over 1,000 that we would serve in the northwest along that route are: Natal, 1,300; Fernie, 3,000; Cranbrook, 3,100; Kimberley, 5,400; Creston, 2,000; Trail, 12,960; Rossland, 4,500; making a total of 32,265.

The corresponding figures as near as we know, although we are talking about something on which we may not have all the information on the other route for towns of a population of more than 1,000 which the West Coast Company would serve are: Kamloops, 10,000; Merritt, 1,300; Princeton, 2,391; Hope, 1,100.

On the southern route and we would serve a population of 32,000 and on the west coast route we would serve 14,700.

Q. You said that you might not have all the information. The statements made by the other people coming in from the north are to the effect that they are also going to serve the Okanagan and Trail?—A. They did not say that in their presentation in Alberta.

Q. If they service those centres they would serve far more than you would?—A. You can say that they could bring a line anywhere; but it is not part of their scheme.

M. SMITH: It is part of their plan filed and sworn to; I happened to be there at the time.

The CHAIRMAN: I think questions should be confined to this issue.

Mr. SMITH: You are right, sir; and I apologize.

By Mr. Green:

Q. The one thing which we in Vancouver are very much concerned about, and Trail is in the same position to a smaller degree, is that if your line goes through the United States it will result in us finding ourselves at the end of the line? Now, how can that position be improved and what is to be done in a case like that?—A. That would be by agreement—like any other agreement. Certain agreements are made between the regulatory bodies—which would be the Federal Power Commission and our Board of Transport Commissioners. They would be honoured by both sides. I think there would be no question at all about it. It would be just the same as the position of Seattle and Portland where they would have to trust to the agreement that they would make with the Canadian authorities.

Q. The only protection for users in Vancouver would be if your main line goes down through the States and, if we are just at the end of the branch line—
A. Wait a moment. You are speaking of being at the end of the branch line but our large line goes to Vancouver and one of the lines that were shown on the West-coast Transmission was a very small branch line to Vancouver. Their main line was into the States; they had a twenty-four inch line into the States but only a sixteen inch line into Vancouver.

Q. That was within a few miles of Vancouver?—A. Quite a distance.

Q. The position is that if you build on route B which goes through Spokane and Monroe down to Seattle, Tacoma, Portland, and Eugene, and we are on the other end of the line up to the north, then the only protection we are going to have for our supply of gas is some agreement between Canada and the United States?—A. Do you not think that is sufficient protection for anybody.

Q. I beg your pardon?—A. Do you not think an agreement between Canada and the United States is perfect protection?

Q. The situation is, unless it has changed in the last few weeks, that there is no treaty between Canada and the United States concerning oil or gas going over the boundaries. As of last December there had been no negotiations undertaken, and I ask you how Vancouver is to be protected?—A. Those are questions that will have to be resolved. There can be no line built without an agreement, even if it goes through Canada all the way. There can be no line built at all unless there is some agreement between the two sets of authorities that each part will get its respective gas.

Q. Nobody on this committee is objecting to building the main line to serve Canada and to have the surplus carried off to the States?—A. It will have to be more than that?

Q. How do you mean it will have to be more than that?—A. There will have to be an agreement that the States will be served.

Q. That the States will be served?—A. Yes and we can trust to that agreement.

Q. Well, will there have to be an agreement that the States will have to be served before Canada?—A. I do not know about that; that would be something that would have to be determine.

Q. Mr. Dixon, there has been some suggestion that the line could be run through the States and yet Canadians could be served before Americans on the line are served?—A. I think an agreement could be made. This is our thought: we will take the estimate as given by the authorities and that amount of gas will be allocated—after the Canadian needs which will have a priority.

Q. You did not get my question. You were asked a similar question in the Senate committee: "Would it be possible for this line to run through American territory but not to serve American points until Canadian points are served,"—and your answer was: "No, that would be utterly impossible."—A. Well I think on the face of it, that it certainly would be. You cannot bring gas along a route such as route B, bring it back up to Canada, and then have another line going down from there—duplicating the two lines. That would be silly.

Q. Will there be any construction of storage facilities, such as tanks?—
A. You cannot store gas excepting for very small amounts—a few hours' supply—and that is done by the distributing company. We are in the hopes of finding some underground storage. There are some old gas wells east of Seattle where they had some gas in the lava beds. It was very low pressure and there is a faint possibility that they may be used for underground storage.

Q. You are hoping to find underground storage near Seattle?—A. There is a possibility of that; that is the only place I know of unless someone would drill a gas well and find a gas field—and that would be the best thing that could happen to a project like this.

Q. Well—

Mr. SMITH: Let him finish his statement. He says the best thing that could happen would be to find a small field near Seattle?

The WITNESS: Spokane or Seattle, or anywhere near the end of the line. It would be invaluable to everybody because this gas could be stored and peaks could be shaved. There has been some drilling right in the vicinity of Vancouver and I hope they find some gas.

Mr. SMITH: It cost me some money,—I know that.

Mr. GREEN: Mr. Connolly mentioned in his evidence yesterday that if any of these other three intermediate routes were followed gas could be sent through in bond. I would like some explanation of that, and I would point out to you, Mr. Dixon, on your routes C, D, and E, in each case, you show a branch line going off to Spokane—a branch in the States. How on earth you could put gas through any of these routes in bond I cannot understand, but I would be very grateful if you would explain?

The WITNESS: I do not know the technique of bending a commodity.

Mr. SMITH: Particularly gas.

The WITNESS: It would be a form of legal agreement, which would amount to the same thing.

By Mr. Green:

Q. An agreement? As a matter of fact you have not got any plans to ship gas in bond through the United States, have you?—A. I should think that is the way it could be done—we would like to do it and we have asked some lawyers to work on it for us, but there seem to be some very silly difficulties in the way.

Q. For all practical purposes there is no such thing as shipping gas through the States in bond on any of these three routes, is there?—A. I would not say that; I do not know.

Q. That brings me to the next point. Is it a fact that the Canadian Board of Transport Commissioners has no control over the pipe line in the United States?—A. I do not suppose they have.

The CHAIRMAN: That is hardly fair.

The WITNESS: Excepting over the gas going into the pipe line.

The CHAIRMAN: That is hardly a fair question; he cannot interpret Canadian regulations.

Mr. GREEN: I think it is fair because Mr. Dixon is a very experienced oil and gas man.

The CHAIRMAN: He has shown that—but he is not an interpreter of Canadian laws.

Mr. GREEN: He is familiar with the American situation.

The CHAIRMAN: You asked about the Canadian regulations?

Mr. GREEN: I asked if the Board of Transport Commissioners has any control over a pipe line laid in the United States.

The CHAIRMAN: It is not a fair question, but if he can answer, all right.

The WITNESS: I do not know.

Mr. GREEN: Did you follow the pipe line that was laid to the boundary of southern Manitoba—to Gretna?

Mr. SMITH: The oil line.

By Mr. Green:

Q. The oil line, yes. I believe the Board of Transport Commissioners made a ruling covering the line to Gretna but no further? You follow all these things?—A. I follow them in general.

Q. Well, with regard to your route B, your line which goes through the United States, you would apply to the Canada Board of Transport Commissioners for an order to allow you to build that line to Kingsgate, to the boundary point?—A. To build it not only to Kingsgate but for the privilege of exporting from Kingsgate.

Q. Yes, you would ask for the privilege of exporting from Kingsgate but when you went on to build your line past Kingsgate you would ask the Federal — —A. Power Commission.

Q. Yes; the Federal Power Commission; and you also have to go to the board in Idaho?—A. No, I do not believe so, but that is a question that is still in dispute—whether the state authorities have any authority over an interstate pipe line.

Q. What about Washington? When you cross the border into Washington do you then have to go to some governmental authority in Washington?—A. If you have the authority of the Federal Power Commission you do not have to get authority from a state but, like a great many other things, they have methods of regulating and so you had better keep on their good side and do what they want.

Q. For practical purposes is it better to go to those states and get their approval?—A. You might not get their approval but you will do what they want.

Q. You have to get the approval of the Federal Power Commission to enter the United States in the first place?—A. You have to get their permission to build a line.

Q. I think you said in the Senate that you had to get their permission to enter the States and then for the line through the States.—A. That is one way of putting it but what you really do is apply for a given route and the particular state line is disregarded as far as the application is concerned.

Q. If the American route is followed, route B, then the United States Federal Power Commission will have the deciding of where that route is going from the time it leaves Kingsgate right through—the main line of that route and all branch lines up to Trail;—with the exception of about twenty miles in Canada.

A. No, that is not exactly the way it works. You make an application to build the line and it is accepted or refused. They do not tell you where to go. They give you a permit.

Q. Perhaps we should get at it the other way round. The only part of that line over which the Canadian Board of Transport Commissioners will have any jurisdiction at all will be from Pincher Creek to Kingsgate at the boundary, and then for a few miles from the Canadian boundary up to Trail—about twenty miles there, and at the coast again from Ablegrove on the boundary for twenty or thirty miles into Vancouver.—A. No, I would not say that. A person who has control of a part of anything has control of some of the rest. If they are controlling the flow of gas into the States you cannot say they have no control over the line, for all practical purposes.

Q. The only control they have over the line into the States would be in connection with the gas actually going through it, but nothing to do with the laying of the line?—A. I suppose they could either grant or refuse the permit for where you were going to build.

Q. Then there was some suggestion made by you yesterday about rates. I understood you to say yesterday that you would be allowed to make 7 per cent on your over-all investment in Canada?—A. I think I said that is what I believed to be the case in Alberta and I thought it was the same in British Columbia. I was told afterwards that I was wrong and apparently it is 5 per cent in British Columbia.

Q. Is not the situation this, Mr. Dixon? Any percentage set in Alberta would only be set against your grid system and you would be allowed a certain

profit on the operations of that local Alberta project?—A. I think that would be the way it would work and they would set rates too for towns served along the main line in Alberta.

Q. In British Columbia I cannot see any way in which you are liable to any restrictions. I can see that the rates of the British Columbia Electric Company—which is going to sell gas, if you get the authority to build a route—can be controlled, but there is no authority that I know of to control the rates of the distributor of gas?—A. If there is not authority now there certainly will be soon. It has been my experience that where you go into a state where there is no authority you should not think for one moment that the condition is going to last.

Q. There is this further position. You are asking for a dominion charter and that means that the province cannot deal with your rates. The telephone company is in that very favoured position in British Columbia—it is a dominion company and the British Columbia Utilities Commission has no control whatever over their rates?—A. In that case there will certainly be an Act made by parliament because, all precedent would indicate they will have control over the rates.

Q. And you know that the Dominion Pipe Lines Act which was passed a year ago gives the Board of Transport Commissioners the right to set rates and tariffs on oil pipe lines but leaves you fellows clear—there is no such thing as setting rates by the board on a gas pipe line?—A. That is good; but I am afraid it will not last.

Q. Pardon?—A. I am afraid it will not last.

Q. That is the position at the moment is it not?—A. That is what I am told.

Q. So that in effect the position is you can charge whatever rate you can get away with for your service of carrying gas in Canada today?—A. No; of course that is not in any case true. We would be crazy to do that.

Q. You can charge whatever the market will stand? Is not that the picture?—A. No, I would not say that. You can do a great many things legally that would not be practical. If we charged more than we should, then in the next few weeks when parliament was in session we would be regulated.

Q. For the time being the sky is the limit—there is no governmental right to step in.—A. Well, if you say so I believe it must be the case, but I do not know.

Q. Then Mr. Dixon, this application is for incorporation of the Alberta Natural Gas Company. Is that company to be, in effect, a subsidiary of Northwest Natural Gas Company?—A. Yes, well either Northwest will be a subsidiary of it or it will be a subsidiary of Northwest; we do not know yet just exactly how it will be set up.

Q. Northwest Natural Gas Company is a corporation incorporated in the State of Delaware?—A. Yes.

Q. Is Northwest Natural Gas Company a subsidiary of Venezuela Syndicate Incorporated?—A. No sir.

Q. It was reported in—

MR. SMITH: Moody's—

THE WITNESS: According to the definition of a subsidiary it must have at least 10 per cent of the stock. Venezuela Syndicate has not got 10 per cent of the stock.

MR. GREEN: How much has it got?

THE CHAIRMAN: That is not relevant.

THE WITNESS: I cannot say, I have not got that.

By Mr. Green:

Q. Venezuela Syndicate is associated with Northwest Natural Gas Company?—A. It owns some of the stock.

Q. Who is behind the Venezuela Syndicate?—A. It has about 400 or 500 stockholders.

Q. What company is associated with it on the next level up?—A. Nothing—my partner is the president of it and I am a director.

Q. Of Venezuela Syndicate?—A. Yes, and we run it.

Q. Where do Morgan Stanley & Co. come in?—A. They do not come into Venezuela Syndicate at all.

Q. How do they get control?—A. They do not claim any control.

Q. How are they associated?—A. They joined us in putting in money, and they put in time—as members of the group trying to get the project over.

Q. If this line is laid through the States will that part of it be operated by Northwest Natural Gas Company?—A. The part in the States, do you mean?

Q. Yes?—A. Yes.

Q. So that if you get what you are after and get this charter, and then get permission to build this line, the position will be that Alberta Natural Gas Company will only be operating a line from Pincher Creek—in the first place Alberta Natural Gas Grid Limited, which is another associated company, will be operating the grid system in Alberta?—A. Yes.

Mr. GREEN: Will you please keep quiet? Alberta Natural—

Mr. ROBINSON: There is gas in north Simcoe too.

By Mr. Green:

Q. Alberta Natural Gas will be operating the line from Pincher Creek to Kingsgate, and they will be operating the little stub from the border to Vancouver and the little stub at Trail, but all the rest will be operated by Northwest Gas Company?—A. Yes, but the little stub at Vancouver is quite a piece of pipe line.

Q. That is the situation. And is this company to be controlled in the United States?—A. I do not know.

Q. Well, now, Mr. Dixon, surely you know that?—A. Well, I am uncertain where we will raise the capital for it and the people who put up the main capital will be the ones to control it.

Q. Who is to have the stock control?—A. That will be determined when the stock is sold. We hope to get control naturally.

Q. I asked you that because Mr. Connolly was asked this question in the Senate by Senator Euler: "Where will the stock control be?" and his answer was: "I would think the stock control would probably be in the United States, sir."—A. Well, he was expressing his opinion, and that was the opinion we all held.

Q. Do you contradict that now?—A. No, I do not contradict it.

Mr. CARROLL: You cannot give an opinion on that because no one will know that until the stock is sold.

Mr. GREEN: I think Mr. Dixon knows who is going to control it.

Mr. MURRAY: The company is not even formed.

Mr. SMITH: The promoters can handle the control, no matter where the stock goes.

By Mr. Green:

Q. Mr. Dixon, who is Mr. Cornelius Ladd Simonsen of New York?—A. He is one of the partners of Morgan Stanley & Company.

Q. He is on the board representing the Morgan Stanley Company?—A. Yes, sir.

Mr. SMITH: Excuse me. I think Mr. Dixon, who has been standing on his feet all day should be allowed to sit and continue giving testimony.

The WITNESS: No, this is all right, thank you very much. You are very kind to think of that.

The CHAIRMAN: Perhaps he can think better on his feet, but it is up to you, sir.

By Mr. Green:

Q. Mr. Dixon, you said something about being associated with Panhandle Eastern?—A. I was associated with them.

Q. What do you know about their situation in this picture?—A. What picture do you mean?

Q. In connection with this development in the west.—A. They have nothing whatever in any shape or fashion to do with this enterprise.

Q. Then, with regard to the form of the bill, your bill gives you power anywhere in Canada; in other words, it is not limited to Alberta and British Columbia, which is the case with the other two bills to incorporate companies who are planning to transport gas to the west coast. Are you planning to transport gas or oil to the east from Alberta?—A. Not now. I do not think we will have any such plans until,—we might in the far distant future when the reserves of Alberta increase as much as I think they will.

Q. Is there any reason why you should have that extra power? Why you should not be restricted to Alberta and British Columbia?—A. I did not know that was in the bill. I did not even know there was any difference in the bills.

Q. Would you be willing to have read into the bill that instead of within or outside Canada, that it should read within Alberta and British Columbia, or outside Canada?—A. Well, I would think it would not make much difference, but I would hate to change anything that would make everything take a longer time.

Q. I see. You do not really care?—A. I do not care much about it, we have no intentions of going to the east.

Q. Have you any objection to having written into your bill that the route of the main line to the Pacific coast must be in Canada?—A. Yes, I have.

Q. Why? You would not agree to that?—A. No. I think that would be presumption on our part to put any such thing in. We have done a great deal of work and I think the Transport Commission should have the advantage of it and we should not be telling them where the lines should be built and we should not be telling Vancouver whether or not they should be paying more for their gas than they would otherwise.

Q. I notice at page 6 of your brief, you say the applicants for incorporations are prepared if authorized by the Board of Transport Commissioners to build the first described route which runs through Canada in its entirety to Vancouver. Now, that would read to the outsider reading it, it reads as though you intend to go before the board and ask them for permission to build through Canada but actually the fact is you are only going to build through if you are forced to do so by the board.—A. I would not say that. As I said, the object of anybody in an enterprise like this is manifold, the chief one is to make something out of it, and a line through Canada if it is easier to get permission, and it is feasible—

Q. And it is which?—A. And it proves to be one that can be built and operated, and the Board of Transport Commissioners are certainly one body that is competent to say that. They will have their own engineers and they can give a thorough study to it and they would not give an order to build a line that was not practicable.

Q. Then, to describe the situation accurately that paragraph should read:

"The applicants for incorporation are prepared if authorized by the

Board of Transport Commissioners to build the first described route."

A. No, not at all. That is an entirely wrong admission.

Q. Let us put it this way.

"if ordered by the Board of Transport Commissioners..."

—A. No, I think it is worded just exactly as it should be.

Q. Will you give any pledge to this committee that your company, if it is incorporated, will build the Canada-first line, build a main line through Canada to the west coast?—A. No.

Q. Mr. Dixon, that is clear cut and we are glad to have that statement but I ask you if you in your talks with the Right Honourable Mr. Howe, the Minister of Trade and Commerce, that is the stand you have taken?—A. Just exactly. I have not said anything to Mr. Howe I have not said to you.

Q. Mr. Howe wrote a letter to the Vancouver City Council on April 4th of this year, in which he said:

"While it is alleged that the Alberta Natural Gas Company, if incorporated proposes to build a pipe line through the United States, this is not the information that the company has given me. My information is that the new company is proposing to build its lines through all Canadian territory and to serve all Vancouver points before taking the line into the United States."

Now, you dispute that, the terms of that letter by Mr. Howe?—A. I told him just what I told you, that we had the five routes, that we would build any line we would be permitted to build, that the Board of Transport Commissioners told us that we would be permitted to build. If the Board of Transport Commissioners tells us to build the all Canadian route that will be the line that will be built.

Q. Did you assure Mr. Howe that you were going to build an all Canadian route?—A. I wish we could have assured him that we were going to build any line.

Q. So you did not assure him you were going to build an all Canadian route?—A. Well, we said we would build an all Canadian route if the Board of Transport Commissioners selected it. He was perfectly correct in his statement.

Q. If you were ordered?—A. If we were ordered.

The CHAIRMAN: Mr. Prudham.

By Mr. Prudham:

Q. Mr. Chairman, I would like to ask Mr. Dixon one or two questions. I will be very brief. I wish to thank him first for the statement right after the opening after lunch but in view of an answer which he gave to Mr. Green a moment ago, would you put five routes before the Board of Transport Commissioners and you said yes, and maybe more, I would like to hear you say once again that before you go before the Board of Transport Commissioners that you will give the Yellowhead route as intensive a study as you have the other route—A. We certainly will.

Q. Thank you.

Mr. Chairman, in view of the statement of Mr. Dixon, I do not wish to press for further witnesses. Thank you.

By Mr. Ferguson:

Q. In view of the fact that you will, or will you, control the Grid for collecting this gas that will probably take in most of the gas available for sale

at the present time, if you wanted, or any person else wanted to transport gas, say to Winnipeg, and you having the control of the Grids, would they have to come to you for their source of supply?—A. We would certainly like them to and then we could do it much cheaper than they could do by themselves.

Q. Could they go any place else? Would it be economically possible for them to build a Grid of their own, in view of the contract you now have—could any person else wanting to supply gas to Winnipeg, Manitoba, Saskatchewan—would they be compelled, in your opinion, to come to you, due to the fact that if you get this charter and are permitted to operate—will you have control of the great majority of the gas now available?—A. No. There is plenty of gas in Alberta.

Q. What percentage of available gas now will you have to come through your Grid system?—A. You mean by available gas the total reserves?

Q. Yes.—A. During the thirty-year period, it would be about fifteen divided by sixty.

Q. You mean in the next thirty years?—A. During the next thirty years.

Q. For the next five years, what control have you got of all available gas for sale?—A. We would have control of, well, it is hard to speak of available gas except in terms of total reserves.

There is a large field in the southern part of Alberta, the field that is closest to Saskatchewan, which would be the natural field for a line to Winnipeg to start from, or rather a series of fields, and we have not made any contracts there, it is the area which is controlled by the McColl-Frontenac, Texaco, Union interests, and we have no contracts there. There is plenty of gas in that area to supply the demands of Winnipeg.

Q. I want to be frank about it.—A. That has nothing to do with the Grid system.

Q. Does that put your company in a position to control the sources of supply during the next five or six years of all commercial gas?—A. No, I should say not. Anyone wanting to come to Alberta to build a pipe line starting there and going to Winnipeg has quite a large supply of gas which has not been contracted for.

Q. There is still a great supply of natural gas?—A. Yes. And they will be in a good geographical position.

Q. To supply Manitoba, for instance.—A. Yes, to supply Manitoba.

Q. I think you mentioned this morning that within twenty years there should be a return of all capital invested in this operation, is that right?—A. I did not quite say that. I said you have to have twenty years assurance before you can do anything.

Q. Before you can get your money back?—A. You have to have twenty years assurance before you can get your money, let alone get it back.

Q. You also said that the approximate life of this line and the operation of this company would be one hundred years?—A. It would be a very long time and that is a long way away.

Q. I want to learn for my own personal interests because I would like to put more money in the gas business, to get my money back in twenty years and still be good for another eighty. Could you answer if your common stock and your preferred stock and your bond issue will be payable—you must have in your mind whether you are going to carry American stockholders and undoubtedly in this case they will have the majority of stock and in many such cases in Canada they demand that dividends be paid in American funds. Now, in connection with Morgan Stanley Co., I know them, they generally ask that—have they asked the question whether dividends would be paid in American funds on the various issues?—A. No, they have never made any inquiry.

Q. If they did, I suppose you will probably say, oh, yes.—A. I do not think we will have much to say, either Morgan Stanley and Co. or ourselves on the subject.

Q. Why not?—A. The Foreign Exchange Control Board is the one which will tell us what we can do in that line.

Q. Whether you can pay your dividends in American funds or not?—A. Yes, they are the ones.

Q. Mr. Green asked a question today to the effect that as far as our federal government is concerned they would have no control over the price that you, as a transporting company of this commodity—they would have no control over the profit that you could make, so far as the—?—A. I do not know.

Q. Mr. Green, who is an eminent lawyer says there is nothing in the statute books of Canada. Now, for your sake, I hope it continues, for the sake of the users I hope it does not.—A. I would just as soon be regulated. I am assuming if there is no control there is going to be control.

Q. But there is control by the federal government at present of the maximum of six per cent in the United States?—A. Well, it used to be, a few years ago it was six and a half per cent, then after some of the companies became well established and prosperous they dropped that to six per cent and I think some of them cut it a little below that, but six per cent is what we generally think they will let a gas company earn. That is not law. That is what in the opinion of the Federal Power Commissioners is the proper rate of return for the operation. If interest rates go down and money gets more expensive I think the commission will let it go up; if interest rates go down, I think they would lower the rate to five and a half.

Q. To your knowledge there is no federal law which says the maximum, at the present time, which you can earn is a certain percentage. Does it say maximum?—A. It says it must be reasonable.

Q. And as far as this country is concerned it does not say "reasonable" or anything pertaining to profit you can make from your investment on your cost of operation, is that right?—A. As far as I know, but the rates to the consumers—

Q. No person can control the rates you receive on your cost of operation and cost of depreciation and capital costs? This is a federal project. Now, you can control the rate in a municipality or in a province; the provincial or municipal authorities can control it but they cannot take a province-to-province transportation federal company, and you know as an attorney, Mr. Connolly, that no provincial government can dictate what a federal company can charge.

MR. CONNOLLY: They can do so indirectly. They control the rates.

Q. They can control the rates, what rates?—A. The consumer rates.

Q. The consumer rates, but that has nothing to do with this company at all, they are not selling to the consumer. They will be governed to some extent, I suppose, but what I am getting at is this: suppose they were permitted by the federal government, which I do not think they will be able to do, to receive a return of fourteen per cent on their investment and their operating costs—supposing they were—then the utility in Vancouver could easily say to the city of Vancouver: we only want four per cent on our costs, do you see; but in reality to the Canadian public it would be an ungodly charge for the product, but still the utility in British Columbia would be only getting a fair return of four per cent.

MR. ROBINSON: Are you asking him or telling him?

MR. FERGUSON: I am not asking you for any information or opinions. It would not be right if it was given. It is very important, Mr. Chairman. We are asked to grant a charter, and I am certainly learning a great deal about granting federal charters and I do not want to put a yes, or no to it when I do not know when I am voting on. If I think the people of this country are going to be charged excessively through the lack of flaws, I do not intend to vote for

it, but if I believe it is for the benefit of the people I intend to vote for the charter. I have no intention to stop the progress of this man's company or the consumption of gas in Vancouver or Canada.

Thank you very much for your answers, Mr. Dixon.

By Mr. Murray:

Q. With respect to the Peace River block, which you pointed out, there are several small gas wells brought in there?—A. There is one very good well, I understand, and two small ones.

Q. It would be reasonable that your Grid would ultimately expand to take in any volume of gas from that area?—A. That does not seem very likely as there is so much gas in Alberta.

Q. Prince Albert gas then would go far marketting towards Prince Rupert? A. I think that would be a logical market going towards Prince Rupert and developing in the region. It is easy going through the pass.

Q. With respect to the gas in the Northwest Territories along the McKenzie River, what ultimate use could be made of that?—A. I think the use in the more or less immediate future would be for the development of mining and that type of industry utilizing the local resources. In the distant future, when all this region which seems likely to become a tremendous gas field, why then you can bring gas almost any distance if you have enough of it. They bring gas from Mexico to New York but there is not enough gas for such projects in Alberta proven at the moment, but I think in the course of time such projects will develop and if that should happen, why the Peace River gas and the north Alberta gas could move to almost any market. But for the moment I think to develop the local part of the country is where that gas will be used locally.

Q. Do you think that the gas at Rouleau could be used at Dawson Creek, for instance, which is quite a large settled area now?—A. Yes, and mineral industries or pulpwood could be developed there if there was any.

Q. A new pulp mill is going in at Edmonton. Would that be an industry that would use much natural gas?—A. Yes, that would use a great deal.

Q. It is a \$14 million industry?—A. Gas is a preferential fuel for paper mills.

Q. Are you aware that drilling is going on in the Fraser River in the Quesnel area?—A. Well, I heard that was going on in that line up there.

Q. What would happen if they brought in a gas field there?—A. Nothing for one gas well but in a gas field it would change things tremendously.

Q. But at the rate these gas wells are being brought in at various places the whole picture might be changed from time to time?—A. It certainly will be. Pictures are changed in the gas industry very frequently.

The CHAIRMAN: Mr. Noseworthy.

By Mr. Noseworthy:

Q. Mr. Chairman, I would like to follow that line of thought. I think Mr. Dixon said yesterday or this morning that the construction of a pipe line had no appreciable effect on industrial development.—A. It mostly aids in the development of industries already started or in a place where the industry would be anyway, but I have never in my experience seen a gas company come just because there was gas excepting for its economical use.

Q. Could you say in the light of the natural resources we have in western Canada, minerals, timber, coal, that a pipe line through Canadian territory would be more advantageous to Canada than one going through the United States, or not, in the light of those natural resources that are available?—A. I think it depends. A line going through where there is no immediate prospect of any known development, I do not think that would affect it. If the line is going where there is possible development, I think it would affect it.

Q. You know something of the natural resources of British Columbia? What is your opinion of the effect of the pipe line going through?—A. As far as British Columbia is concerned, I can see no difference in the effect on British Columbia or to any marked extent as far as communities are concerned between any of the five routes that we have been working on because it does take in Trail and the environs there where gas is immediately useful. The only difference would be the possibility that gas would not get up the Okanagan Valley for a long time from a pipe line coming through the United States. But it is difficult for me to think of any industries that would be developed along the route from Trail going towards the west. There does not seem to be very much there. There are very small towns there. It is uninhabited country, very mountainous and not much timber on it until you get over towards the Cascade range.

Q. You are thinking in terms, I take it, of the communities that already exist?—A. Yes.

Q. Are you taking into consideration the possibility of future development by reason of the fact that your gas line goes through that country?—A. I cannot see what development in that region the pipe line would help unless some one wanted to start a pulp mill there and it would look more reasonable to start a pulp mill nearer better transportation as that country is very difficult in all transportation facilities.

Q. There is another line I would like to follow. It was noted in a previous question that you have applied for the right to build either a gas pipe line, or an oil pipe line, and you told us that it would probably require a year to convert a gas pipe line into an oil pipe line. Do you see any possibility of your company having to do that?—A. Excepting in war, the only possibility would be a great emergency in wartime. That was done in a line that I happened to be connected with, an old line that started at Corpus Christi and came to Houston, that was converted to an oil line during the war and reconverted to a gas line after the war. That is the only case I know of where a gas line has been converted to an oil line, although it is fairly frequent for an oil line to be converted to a gas line.

Q. You are not figuring converting your gas line to oil for commercial purposes?—A. No, a line this size, to be worked economically, would require somewhere from 250,000 to 300,000 barrels going through it every day. Which is, so far as the available supplies in Alberta are concerned, would be entirely too large for such an enterprise.

Q. Mr. Dixon, some of us have been charged with supporting a monopoly concern because we showed some opposition to incorporation. I think you have already admitted that there is no immediate possibility of more than one pipe line being built to the coast.—A. That is for the immediate present. I have had a lot of experience on lines that look like there was only one pipe line that could be possibly be built where there are now a whole series of lines, so I hate to be a prophet on that.

Mr. NOSEWORTHY: So you would not care to state how many years from now the second line would be necessary?—A. Well, in the case of one line in Tennessee a great many people argued that it should not be built because there was more gas being supplied than could be used, but then, six months after that line was finished they were building a parallel line alongside it—so it is very difficult to say. One reason, I think really the chief reason, that two lines cannot be built is the fact that Alberta would not allow it. They would think it was taking too much gas from them at the present time.

Q. Can you enlighten us at the present time as to what gain it would be for the Alberta government or for the Board of Transport Commissioners if they have two or three or five or six companies incorporated when only one was

needed?—A. I think competition is the soul of free enterprise. I think everybody should have a try.

Q. When you say competition and having a try, just in what field would the competition lie? Just where is the competition?—A. Competition of ideas for one thing. They should have more than one project presented to them so they could take their choice of what they should do.

Also the Alberta government controls oil and gas and I think they would like to determine where things are going to be done and how; and if there is one choice of places that is all they have to talk about and they have their hands tied to a certain extent. The same thing is true for the Board of Transport Commissioners.

Q. You are offering the Board of Transport Commissioners the choice of five routes?

Mr. McCULLOCH: Or more?

The WITNESS: I promised to give them another.

By Mr. Noseworthy:

Q. Six routes. Do you think it would be advantageous to them if by incorporation of other companies they were to have a choice of half a dozen others?—A. I think it would be advantageous, yes.

Q. So you would favour the incorporation of as many pipe line companies as possible for the building of pipe lines?—A. I should think so. As long as people are *bona fide* and are willing to spend money in trying to do something, I think they should be encouraged.

Q. One further question. What advantage would your company gain by being incorporated without getting a licence; or, if there are five or six companies that knew only one company will get a licence, what advantage do they get?—A. The ones that lose gain to the extent of minus quite a few hundred thousand dollars because they do not get it. They are out. It is like a horse race—if we do not win we have lost our entrance fee.

Q. You have already invested \$320,000 in your surveys. If you do get incorporation but if you fail to get a licence, the charter will be of no value?—A. I do not know that it would be of any value—you might know of some other scheme but as far as I see it it would not be of much value.

Mr. SMITH: You have lost your ante.

By Mr. Noseworthy:

Q. Would the fact that you have a charter in any way help you to recover any part of the \$320,000?—A. Not at all, that I can see.

Q. There is no way you can deal with other companies or dispose of the charter?—A. I do not know why any company would want to buy it if they had a charter themselves. I should think that it would be perfectly valueless.

Q. Some of us are wondering why companies are willing to invest up to \$320,000 on the chance of getting a charter when they have no idea whether they are going to be able to use the charter or not?

Mr. SMITH: That is private enterprise.

The WITNESS: It is just the way, as I say, that you bet on a horse.

By Mr. Noseworthy:

Q. I notice, Mr. Dixon, that you have gone not only to the extent of spending the \$320,000, but you have made contracts with oil companies to supply you with oil?—A. You mean gas?

Q. Well you have made contracts with oil companies?—A. Yes, to supply us with gas.

Mr. SMITH: If, as and when they have a line.

By Mr. Noseworthy:

Q. It would look as though that were done with some assurance that you were going to get a licence?—A. It took a lot of talking to get them to sign. They understand the situation perfectly, of course.

Q. You do not think your chances of getting a licence are any better than any other company's?—A. Yes.

The CHAIRMAN: He hopes.

Mr. SMITH: There are no hole cards in this game.

The WITNESS: It is just all in the enterprise.

By Mr. Noseworthy:

Q. You have not had any outside assurance?—A. Not the slightest.

Q. You outlined the number of towns in British Columbia that are being served on the pipe line, and all those towns mentioned in your brief will be served regardless of which of the five routes you follow?—A. All those I mentioned, yes.

Q. All that are mentioned?—A. Yes.

Q. It makes no difference?—A. The only extra ones that would be served, which I did not mention, are Hope and Princeton. They would be served on the A route.

Q. I do not know whether you care to answer this question but let us suppose for a moment that you did not have to go before the Board of Transport Commissioners or before any government board in Alberta, and that you were entirely free to build a pipe line through to the coast by any route you thought was feasible. Which of those five routes, under those circumstances, would you choose?

Mr. LAFONTAINE: He would not be before the committee.

The WITNESS: That is a—

Mr. SMITH: —a tough one.

The WITNESS: It would depend upon many circumstances.

By Mr. Noseworthy:

Q. You have examined the situation and you know the relative costs and so on. You know which one will serve the markets and you must know which one of those five, if you were free, you would choose? I mean if you were free to build anywhere you liked?—A. One route will cost more than the other. It might be more advantageous to build the more expensive route—which has often been the case. The general principle in a regulated utility is that the more you spend the more you make.

Q. In so far as your present knowledge of these routes is concerned, if you were building a pipe line on the basis I mentioned which of the five would you take?—A. That is a supposition so contrary to fact; that happy condition has not been in existence for a good many years.

Q. I do not mind telling you that I did not expect to get an answer to the question.—A. That is a supposition I do not think that I should be required to answer because it is contrary to all the conditions and facts.

Q. In other words you are not prepared to indicate your preference for one of those five routes?—A. No, I do not certainly want to indicate any preference whatsoever.

Q. I notice you mention in your brief that you will be prepared to serve the needs of Canada and that there is a gas supply available to meet the needs of Canada and each of the districts you want to serve in the United States. Are you taking into account there the present needs of Canada or are you considering possible future needs?—A. Future needs. We have discussed and will discuss with the vital companies and authorities to try to get as nearly as possible what the consumption of gas say for the next fifteen or twenty years will be and that amount of space will be reserved for Canada.

Q. I notice from the map and figures given us on routes A and B that route A costs \$11,749 per mile more to build than does route B. Can you explain the difference to us? I have divided the total mileage by the cost in each case.—A. You are referring to the cost per mile?

Q. Yes, I simply divided the mileage given in each case by the total cost and I find that there is a difference on route A, of \$11,749—more than the cost for route B?—A. It is so much more expensive than route B because of the terrain.

Q. It is due to the nature of the country?—A. Yes.

Q. Would you be prepared to tell us now just what are the disadvantages of route A from your point of view?—A. Difficulty of maintenance—that is the chief thing. The fact is that it will be extremely difficult to keep the line in continuous operation—that is the chief disadvantage. Any line going through a country with heavy snowfalls and poor access—if you have a break, will always be difficult to repair quickly. There will be apt to be more breaks than on route B.

Q. More breaks in route A than on route B?—A. That would be reasonable to expect because it is going through side hill country where you may have slides. Fortunately the worst part of that is near a highway which is being kept open at great expense by British Columbia—that is through Allison's Pass.

Q. Would you consider the difference in cost a disadvantage?—A. That is not nearly as much a disadvantage as the difference in maintenance because a line that is not running continuously and regularly 365 days a year, year after year is something that is very hard on the people it supplies, and terrific on the management.

Q. In other words you tell us that route B has a number of disadvantages over route A?—A. It has advantages, yes. It is obvious and anyone can see that across a flat plain with a fairly mild climate and fairly small snowfall, a line would be much easier to maintain. Route A however has political advantages.

Q. Am I justified then in my conclusion that you have a preference for route B?—A. No, because politics could take the place of the engineer.

Mr. NOSEWORTHY: Thank you, sir.

By Mr. Byrne:

Q. Mr. Dixon, the towns you have mentioned as being on the Crow's Nest Pass route—Natal, Michel, Fernie, and so on, are towns where the principal industry is coal mining. What in your experience has been the immediate economic repercussion on such towns whose markets are, I would say almost, 100 per cent within the area to be supplied by the pipe line?—A. Two things—one is the economic effect of selling gas in the towns.

Q. No, no, I refer to the markets.—A. In the markets of course, if you can sell gas in the markets, you can destroy the industry. But most of those towns sell their coal to the east. The great market for coal is going east not west. And as our line is going in the other direction from most of their markets, I do not think it will have a very great effect on the coal market.

Q. But is it not true for most of the area from the Rocky Mountains west, that the coal might go into the northwest Pacific as well as into Trail?—A. Some of it goes to the northwest Pacific and a great deal of it is used as stoker coal. But in going northwest it is oil we would be competing with chiefly.

Q. There would not be any disastrous repercussions?—A. I do not think so, no. The strange fact about a coal town is that all the coal miners want gas. I have been in towns where the people could get their coal free, yet they put gas in and everybody took it.

Mr. SMITH: You cannot blame them, can you?

By Mr. Byrne:

Q. From the information you have available, do you think that the Yellow-head route would economically serve Trail in British Columbia?—A. It could not possibly serve Trail, not in my opinion.

Q. Do you think that the question of markets is a material factor in the development of the Peace River block at the present time?—A. At the present time as there is very little gas which has so far been discovered people are not drilling up there for gas but rather for oil just as they drill everywhere. Gas is purely a by-product in prospecting. Nearly always in a wildcat well what you are after is oil.

Q. Do you think that having an assured market would stimulate the exploration for gas and oil in the Peace River block?—A. If there was a pipe line there I think it would stimulate it, but you must have a very considerable supply of gas before you have a pipe line, and the only way you can get that much gas is by prospecting for oil.

Q. In view of the fact that this pipe line proposes taking the excess of gas from the southern part of the province, do you think that would stimulate the search for gas in that Peace River block?—A. No, it would not.

The CHAIRMAN: Mr. Carter, I think.

Mr. CARTER: I have one or two points that I would like to get clear, Mr. Chairman.

By Mr. Carter:

Q. At the bottom of page 1 under the heading of "The Project", your memorandum reads:

"It is proposed to gather natural gas throughout the province of Alberta and, after supplying the actual consumers of that province who can be reached economically and allowing for the potential requirements of those areas, to transport such surplus gas as may then remain available to the Pacific coast to serve first the maximum number of consumers in British Columbia who can be reached economically, and, secondly, with such gas as remains available to serve consumers in the United States Pacific Northwest."

Is it a correct interpretation of that statement to say that it would give priority to the Canadian markets over the markets in the United States?—A. I would like to answer your question this way: there will be a priority on the Canadian market for their potential needs, and the rest of the pipe line capacity will be reserved for the American needs.

Q. It does not follow from this statement that you intend to serve markets in the order given in the statement, Alberta first, British Columbia second, and the United States third.—A. When you have a pipe line and there is enough gas in the pipe line, it is not a question of who gets it first. Everybody gets it. But when gas is scarce due to some calamity or break or something of that order, nearly always there is a cut-off of the industries for the moment. I think no one would object to that. There is a cut-off so that the domestic consumers can be kept going. But as far as we expect, the Canadian market, up to a certain limit which would be as large as was needed, will have the priority. We have to have it in that way because otherwise we would never get by the Federal Power Commission. There would be two markets, one called the Canadian market and one called the American market.

Q. You mention allowing for potential requirements of those areas. That I take it would be the provision you have made to take care of expansion of requirements in Alberta and British Columbia. Have you any figures on that, any percentages on that as to what you estimate the rate of expansion will be?

—A. The figures I gave this morning are for five years from now. That is, the estimated expansion will be greatly above any consumption of gas now.

Q. I understood that yesterday you gave a ratio which said roughly that one-quarter of the gas would be distributed in Canada and three-quarters of it would be distributed in the United States?—A. At the end of five years, according to present indications, it will be a much smaller percentage than that, a considerably smaller percentage. But we were thinking of making a reservation of the gas up to that limit. That was our general thought.

Q. In other words, when your line comes into operation, less than one-quarter will be required in Canada?—A. There may be less than one-quarter, but we shall reserve the capacity of at least one-quarter to supply Canadian needs. That should be enough so far as we can see into the future.

Q. In other words you do not think that Canadian requirements will expand beyond that one-quarter of the capacity?—A. Oh, no, I do not say that. Then we can start to loop the line and build some more and by that time I think there will be so much gas that we will be able to take all the gas that we want out of Alberta.

Q. Thank you very much.

Mr. RILEY: I move we adjourn until 8.30 p.m., Mr. Chairman.

The CHAIRMAN: Until 8.30?

Mr. RILEY: Yes.

The CHAIRMAN: Is that satisfactory to the committee?

Mr. GREEN: Mr. Chairman, I think it is unfair to ask us to sit again this evening. We have sat twice today already.

Mr. McCULLOCH: It was you who took up all the time.

Mr. GREEN: We certainly can sit tomorrow so I do not see any reason why this committee should be asked to sit three times in one day.

The CHAIRMAN: Well, it is up to the committee to decide. A motion to adjourn is not debatable.

Mr. LENNARD: Mr. Chairman, if we have to sit tonight, I think some arrangement should be made whereby Mr. Dixon does not have to stand up for the whole period of the sittings.

The CHAIRMAN: We shall adjourn now until 8.30 tonight. All those in favour of the motion? The motion is carried.

At 5.55 p.m. the committee adjourned until 8.30 p.m. tonight, Thursday, April 27, 1950.

EVENING SESSION

The committee resumed at 8.30 p.m.

The CHAIRMAN: Gentlemen, we have a quorum.

Mr. A. F. Dixon called:

The CHAIRMAN: I think Mr. Higgins would like to carry on and make some real progress.

Mr. HIGGINS: I shall endeavour to, Mr. Chairman.

The CHAIRMAN: We hope!

Mr. HIGGINS: I am bringing in the salt air from the Atlantic. Actually, I have not got too many questions to ask. Being a very young person and ardent in my work, I read the brief submitted by the company and I read the evidence, and it is on the evidence that I want to ask a few questions.

By Mr. Higgins:

Q. On page 2 of your present brief, the second paragraph, you say:

It is estimated that the total annual sales of gas will be approximately 75,000,000,000 cubic feet, being a daily average of approximately 205,000,000 cubic feet.

Now, sir, if you will recall your evidence given before the Senate committee, the figures which were given at that time were different; and the total annual sales of gas were given as approximately 156 million cubic feet. Why would there be that difference?—A. We re-designed the line as far as compressor stations went and we found that by thus re-designing it we could get more gas through our 24 inch line.

Q. And how did you get the daily average? Is that the market?—A. That was the market worked out for each town. It was done by the Utilities themselves with our men working with them, and we assembled that data and that is the answer.

Q. That is, from October up to now there has been that re-adjustment?—A. Yes.

Q. Would it be fair to say that there would be an additional re-adjustment within a few months as well?—A. No, not much, because I do not believe we can squeeze any more gas through that line.

Q. So that is the maximum capacity you can get?—A. I see.

Q. Now I believe the original figures which you gave were predicated on a supply by three companies. That is why it is rather confusing to me because in your evidence before the Senate committee and in your brief you included the Imperial Oil of Canada, the Shell Oil of Canada and the California Standard Natural Gas Company. Now you have cut out Imperial Oil altogether and you have only the two companies for supply?—A. We are negotiating with Gulf, and we have been talking with a great many of the independents as well. The story of Imperial is that they wished to sell all the gas they could sell to the Utilities and suppliers at Edmonton. While our contract still had a considerable time to run it did seem very desirable from every point of view that Edmonton should be able to buy this gas. That would give Edmonton all the gas which they would own and they would not have to buy any for a very long period. And from the Imperial point of view it was that they could get some money immediately.

Q. Just for supplying Edmonton?—A. They sold it for \$2,300,000, I think, and they asked our consent, and we gave it gladly.

Q. You released Imperial from the contract?—A. We released Imperial from the contract.

Q. Was there any *quid pro quo* given for it?—A. Not a thing in the world except that I said we would be coming back wanting to get a contract from them in the Leduc region.

Q. Are they still talking with you in that way?—A. We are still talking with them.

Q. What are the other companies which operate from these two markets? Did you not say the Gulf?—A. The Gulf in Pincher Creek.

Q. Are they working on thirty day notice, or what is the situation?—A. The situation is that it runs, well, practically—let us call it from day to day. We have perfect confidence that they will keep their contract.

Q. Are there any special quotas from the different companies?—A. Yes.

Q. What quotas are you getting from the companies?—A. From both the Standard and the Shell our quota is 20 per cent of the through put of the line.

Q. And of the line you are to construct?—A. 20% of the capacity of the line plus 10 million more; and an additional 10 million under certain conditions, which practically amounts to 20 per cent of the capacity of the line plus 20 million cubic feet.

Q. And do the conditions you are talking about enter into this picture?—A. Not much. It is only the amount of drilling that they do. If they have it available and can fill the whole quota.

Q. But you have not anything to do with their drilling?—A. No excepting that Standard is under absolute obligation to drill 12 wells, and to keep up the supply.

Q. That is your contract with them?—A. Yes; and Shell has contracted to drill two or three wells, I cannot remember which.

Q. And California?—A. That is the California company, Standard of California.

Q. And with Gulf there have merely been talks?—A. Well, we have—

Q. Contracts?—A. No. We have been talking with them about it.

Q. And all your gas is to come from these three companies?—A. No. We expect to get gas elsewhere. We hope to get some gas in the course of time from all the gasoline plants in Leduc and in the other fields, if such plants are built.

Q. Has the Alberta Conservation Board made a determination?—A. They have a perfect right to tell us where we are going to get our gas and how much we are going to get from different persons.

Q. You have no control over the amount you can get. It is only what the board permits you, is it not?—A. Yes, that is correct.

Q. You talk about certain companies. One company which I see mentioned on page 4 of the brief is the Royal Trust Company. That company will be coming in, I presume, to do the financing?—A. No, not the financing, but to take care of the—

Q. The mortgages?—A. To act as trustees and do that type of work.

Q. And what about Lloyd's Register of Shipping, Montreal? What is their position in the matter?—A. They would be the inspectors in the construction of the line.

Q. They would inspect the line?—A. They hope to, and we hope they do.

Q. That is a new one on me. Now, in page 4 I am not quite certain whether or not you explained to Mr. Green in connection with the \$350,000 that has been put up—

The CHAIRMAN: Can all the members hear?

An Hon. MEMBER: Not a word.

The CHAIRMAN: Will you please raise your voice? This is becoming more or less of a conversation.

By Mr. Higgins:

Q. On page 4 you answered Mr. Green today when he asked you about this \$350,000 that it had been put up by a group. I more or less got the impression, but I am not sure, that you yourself were chiefly financing it?—A. No, that is not correct at all. I have a comparatively small amount of money in it, but I have given all my time to the enterprise.

Q. You are really the promoter of it, in a sense?—A. I would say that I was the chief promoter. You may call it that.

Q. Are you prepared to say who are associated with you as a group?—A. Yes.

Q. Well then, who would they be?—A. I think we have it in our brief and in the bill.

Q. You mean these people who are mentioned in the bill?—A. Yes.

Q. So these are the people who put up this \$350,000?—A. They put up some of it.

Q. Did people other than the people mentioned in the bill put up money?—A. Yes.

Q. Who are the people other than the ones mentioned in the bill? Could you tell me that?—A. I should think so.

Q. Well then, would you tell me in that case? I am not pressing you?—A. There was the firm of Dominick & Dominick.

Q. And who are they?—A. They are in New York. And then there is Langley & Company.

Q. You mean the investment brokers?—A. And there is the Venezuelan Syndicate.

Q. Another investment concern?—A. No, that is an oil company, a very small oil company; and there is a Mr. Charles Leonard and his associates.

By the way, in respect to any of these companies, it is never the company—except in the case of the Venezuelan Syndicate—which is putting in the money. It is members of the firm.

Q. Langley for instance?—A. That is Langley, personally.

Q. You mean Langley himself?—A. Yes.

A. Y. Would they be large shareholders?—A. Yes.

Q. In the bill itself you have a Mr. McMillan mentioned. Is he himself personally interested in this?—A. Yes.

Q. Has he any connection with International Nickel?—A. With what?

Q. With International Nickel?—A. He is connected with a great many things. I think he is connected with that.

Q. And Mr. Austin Cottrell Taylor; is that the gentleman who is a director of the Bank of Canada?—A. I did not understand you.

Q. Is Mr. Austin Cottrell Taylor the gentleman who is a director of the Bank of Canada?—A. I do not know. He is connected with a great many industries in British Columbia.

Q. Is he connected with any other oil companies, to your knowledge?—A. I believe he owns shares in a great many oil companies but I do not think he has any active interest in any of them.

Q. Now, I think you were talking about going before the Board of Transport Commissioners in connection with these routes. You have not surveyed the Yellowhead Pass Route yet?—A. No.

Q. But is it your intention to survey that route before you go before the Board of Transport Commissioners?—A. Yes.

Q. How long do you think it would take you to make that survey?—A. Three months.

Q. Gentlemen, I believe I hear the division bell. I think it would be wise and expedient to adjourn until after the vote in the House is taken when Mr. Higgins will resume.

—(The committee adjourned for a vote in the House.)

The CHAIRMAN: Order, gentlemen, we will have Mr. Higgins continue.

By Mr. Higgins:

Q. I think, Mr. Dixon, when we broke off you were just telling me something about the personnel of the company, wasn't that it?—A. Yes.

Q. I think we had finished with that, had we not?—A. I think so.

Q. Well then, another matter was this: as I remember this afternoon Mr. Green asked you a question with respect to what would happen in so far as the

United States Federal Power Commission is concerned and the regulations with respect to the useage of this gas, and I think your answer was that that was something which would have to be determined; now, what exactly did you intend to convey by that answer?—A. I forget just what the question was.

Q. Again, sir, I haven't got the question down verbatim, but my understanding of it was that he asked you would the fact that the Federal Power Commission would have control over the pipe lines in the United States mean that they would be able to enforce the supply of the United States customers first before Canada, and you said that that is something that would have to be determined, I think that was your answer.—A. Well, sir, you put the question. I can't remember just exactly what it was.

Q. Do you remember what that was, Mr. Green?

The WITNESS: I think I could answer your question if you put the question direct to me.

By Mr. Higgins:

Q. Let me put it to you this way then: would the Federal Power Commission have any decision on the question as to who was to be served first?—

A. That would depend on the agreement as made at the start; they would enforce the agreement.

Q. An agreement between, who?—A. The parties in interest; for example, between the distributing company in Vancouver and the pipe line company.

Q. I see.—A. They would enforce the agreement.

Q. Then I take your answer to mean that they would not necessarily insist on your supplying the United States customers first; is that what you intended to convey by that?—A. I do not think there would be authority to do that.

Q. No, but on that particular point Mr. Connolly in this evidence stated that he was unable to give us any expert knowledge as to how the American law affects this particular proposition of yours; are you in a position yourself to give us evidence on American law and how it would cover this contract?—

A. No.

Q. The only reason I was asking you that question was for the purpose, as I indicated yesterday, of having an expert on American law come and tell us that, if none of the gentlemen here are able to do so.

The CHAIRMAN: He is certainly not a lawyer and it is only a waste of time to ask him that.

Mr. HIGGINS: I am satisfied with that. Mr. Connolly has said that he cannot tell us that and obviously this witness is not in a position to, but I am still wanting to have some expert on American law tell us that.

Mr. SMITH: Oh yes.

By Mr. Higgins:

Q. One other matter there is this, that in the questioning this afternoon Mr. Green asked you about this matter of gas in bond, as Mr. Connolly described it yesterday, and you were telling him it was more or less a question of legal difficulties, that you were not in a position to discuss the purely legal difficulties or any purely engineering difficulties in connection with this gas in bond?—

A. None whatever.

Q. As a matter of information, will you tell us how you do it?—A. You take a certain amount of gas out at one point with a guarantee that it will be returned at another point. That is the property of the person who bought it before it got into the line and the pipe line would simply be the carrier and not the owner of the gas.

Q. Just to make it a little more clear, this line, and that is the only thing in which we are interested in so far as gas in bond is concerned, your pipe line

would be the carrier; you would sell so many billion or million cubic feet; is that right? Is that the way you put it?—A. No.

Q. Would you tell me then, please, exactly what you mean?—A. With gas in bond, that gas would be purchased by the company which is buying the gas in Trail or in Vancouver. At the point at which it would be leaving Canada the American company would simply transport that gas, it would not be their property, and they would deliver the gas at its destination.

Q. In other words it is in the same situation as a container or a box or anything else.—A. Yes, it would be just the same.

Q. That is the principle you had in mind when you referred to gas in bond?—A. Yes.

Q. I see. This is all strange to me and that is why I am asking it, but transporting goods in bond is a well known principle. We have a lot of gas here that is not in bond, as you can well imagine, Mr. Dixon.—A. Well, you said that.

Q. This afternoon also you were talking about when you crossed the border into the United States that you would have to apply to the Federal Power Commission for permission, and you said at that time you would apply for a given line; do I understand by that that you would apply to the Federal Power Commission for a definitely planned line?—A. Absolutely, we must have it planned when we apply.

Q. Why would you not be prepared to do the same thing here?—A. You could do the same thing there, it has been done in the Federal Power Commission.

Q. I see. Why would you not do it here in Canada?—A. That would be one way to do it. It might save a lot of controversy to to and apply in that way instead of giving them a choice.

Q. Is there any other reason? You said yourself that there are five choices here now.—A. What do you mean? I don't understand.

Q. You do have the choice yourself that you would be prepared to submit as one line?—A. No.

Q. You have just the one for the United States, haven't you?—A. Yes!

Q. Why would you not have one for this country?—A. We have five in this country, or six.

Q. I mean you very definitely have one choice for the United States, you must have one that you prefer over here.—A. I think we have been over all that at length already.

Q. Witness refuses to answer.—A. We have to indicate a direct choice in the United States.

Q. You mean the Power Commission there makes you define one line, is that it?—A. No, we would make an application for one and if that was turned down, say they didn't like it, we would make an application for another one.

Q. Apply for one line at a time, is that not their regulation?—A. No, but that is what is done, I have seen it.

Q. I see.—A. There is one case I do know of where they applied for two.

Q. There are no particular provisions which require that you supply them with four or five different lines so that they can make a choice?—A. There is no provision for it, but I think it could be done.

Q. So therefore you are only doing it here because of the controversy?—A. No.

Q. Then why are you doing it?—A. To give the Board of Transport Commissioners a chance to decide what they want to do with it. There are a great many advantages in one route as compared with the others, and vice versa.

Q. Well, Mr. Dixon, why would you not follow the same procedure as you are following over there and apply for one at a time?—A. Because we didn't think it necessary, that that would be the best method of doing it.

Q. But I asked you why?—A. We have answered that.

The CHAIRMAN: I do not think we need all this endless repetition.

By Mr. Higgins:

Q. Now, you have told us today that you know of no case where pipe lines have anything to do with the development of the country, I think that is the statement that I have taken down here?—A. I didn't say that, I said that so far as I know pipe lines have had absolutely nothing to do with the development of a country.

Q. And you still reiterate that thought?—A. Yes.

By Mr. Murray:

Q. Mr. Chairman, that does not refer to the lines themselves but rather to the terminals.—A. That refers to the territory, to the development of the country through which the pipe line is passing, to which I submit this suggestion cannot possibly apply. I know of no case where that applies with one exception, where you could say that, a line was brought into a country that did not already have the industry there.

Q. In any of these five lines that you have now in mind is there any possibility that any of these lines would develop the country through which they pass?—A. They would develop the industries through which they pass. I think that this line would have a great effect in helping the development of the country around Trail.

Q. Which line would you say would do most to develop the country through which it passes, which of these plans which you put in here?—A. I do not know.

Q. I see. That point really has not entered into your considerations at all?—A. No, it is the terminal point and the amount of gas you can sell which is essential,—the greatest benefit to the greatest number! That is what makes it more profitable; that is the determining factor.

Q. As you say here on the question of potential requirements to areas which can be reached economically, do I understand that by using the ratio of one thousand people per mile that that there would be an economic basis to work on?—A. It is not the number of people, generally. It is the difficulty of bringing gas any distance unless you have an industry at the end of that line.

Q. So that particular ratio is not of any particular value, a thousand people per mile?—A. That could not be utilized with any degree of precision.

Q. It is an entirely different matter from supplying electricity?—A. A different matter.

Q. You would not only have to have that number of people but you would also have to have an industry?—A. In certain cases.

Q. Today Mr. Green was putting to you certain evidence that was given at the hearing of the application of the Westcoast Transmission Company, Limited, in the province of Alberta and he put to you a quotation from a newspaper clipping with respect to costs per thousand cubic feet. I want to get the record clear on this. You told him that these figures were fantastic, the figures he gave you at that time. At that time, he read, the total cost in Vancouver would be 29.2 cents per thousand cubic feet and in the United States 35.6 cents per thousand cubic feet?—A. That is very wrong.

Q. Why I want to be sure about that is that we do not want to have any mistake in the matter. I have the record here, or what purports to be the record, and these figures seem to be more or less correct in the newspaper clipping. I will read the question and the answer from the record. I believe the name of the gentleman who was examined was Poor. He was being examined by a

Mr. Whittaker after a direct examination by Mr. McDonald and the question by Mr. McDonald was this:

Just one question arising out of the cross-examination and that is, as Mr. Nolan brought out, Mr. Poor, that the price, the total price at say Bellingham or somewhere in Washington was 35.6 cents plus the price of the gas?—A. That is right.

Q. What is the price at the Canadian markets, say Vancouver?—

A. At Vancouver it would be 23.3 cents plus a theoretical gathering cost of 5.9 or 29.2 cents.

The Witness: That was the cost of transporting the gas.

Q. No, he says at Vancouver it would be 23.3 cents plus a theoretical gathering cost of 5.9 cents or 29.2 cents altogether.—A. But that did not include the cost of gas in the fields. That testimony is wrong.

Q. That is allright. The point I wanted to make is that Mr. Green, who read it in all honesty, thought it was right and he based his actual examination on it.—A. I may say that at the end of that hearing it was shown that the actual price of gas, as I remember it, in the United States was somewhat over 44 cents, I think, and about 39 cents in Vancouver.

Q. Who is this Mr. Poor, is he an engineer?—A. He is an engineer.

Mr. APPLEWHAITE: Mr. Higgins has based his questions on some quotations. Would he kindly put into the record from what these quotations were taken?

Mr. HIGGINS: They were taken from a copy of transcript headed

The Province of Alberta—Petroleum and Natural Gas Conservation Board—In the matter of the Gas Resources Preservation Act—AND IN THE MATTER OF the application of Westcoast Transmission Company Limited and Westcoast Transmission Company Limited (Alberta Incorporation) for a permit authorizing the purchase and sale of Natural Gas in the Province of Alberta for transmission to points in the Province of British Columbia and, the States of Washington and Oregon in the United States of America.

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Mr. GOODE: With whose courtesy is that booklet issued?

Mr. HIGGINS: I did not say.

Mr. GOODE: Does it not say so on the bottom of the page?

Mr. HIGGINS: Yes, it reads "Compliments of Westcoast Transmission Company, Limited".

Mr. GOODE: I just wanted it on the record.

Mr. HIGGINS: If the record is incorrect—

Mr. GOODE: I am not questioning you, Mr. Higgins.

Mr. APPLEWHAITE: The only reason I asked you for that information is because of the suggestion that some of the evidence contained therein was not correct.

Mr. HIGGINS: It appears to be a correct transcript.

The Witness: This volume does not include all the evidence.

Mr. HIGGINS: Well, if this Westcoast Transmission Company Limited did this deliberately,—

Mr. ROBINSON: Was the first question that was asked an actual question? Did they say that was the cost?

Mr. HIGGINS: It is a whole series of questions and answers, supposedly a copy of the transcript of the evidence taken.

Mr. ROBINSON: Was the question you asked the witness hypothetical?

Mr. HIGGINS: No, it is cross-examination, apparently a re-examination by Mr. McDonald, who was solicitor for the company, I presume.

Mr. ROBINSON: Would you read that first question again?

Mr. HIGGINS: Yes:

Q. Just one question arising out of the cross-examination and that is, as Mr. Nolan brought out, Mr. Poor, that the price, the total price, at say Bellingham or somewhere in Washington was 35·6 cents plus the price of the gas?—A. That is right.

It does appear to be a transcript, that is correct.

The WITNESS: I misunderstood you. You did not say plus the price of the gas in all these cases.

By Mr. Higgins:

Q. Mr. Nolan was your solicitor, was he not?—A. Yes.

Q. It was on Mr. Nolan's examination that this cross-examination was based?—A. Yes.

Q. The second question was, "What is the price at the Canadian markets, say Vancouver?" to which the answer was: "At Vancouver it would be 23·3 cents plus a theoretical gathering cost of 5·9 or 29·2 cents."—A. Then, plus the price of the gas.

Q. Well, what is the price of the gas?—A. We are paying about ten cents. They were calculating a five cent price.

Q. I see. You think they are wrong anyhow?

The CHAIRMAN: Gentlemen, we are not considering—

Mr. HIGGINS: It was merely to get the record straight.

The CHAIRMAN: Let us go on further.

By Mr. Higgins:

Q. In your testimony before the Senate committee you said this: "I should think an agreement would be insisted upon by the Canadian authorities that the gas would undoubtedly go into British Columbia in the amounts required." I wonder if you would explain what you meant by that answer?—A. The same thing I have been saying all the time—that there would be arrangements made that British Columbia would get all the gas it requires.

Q. Who are the Canadian authorities to whom you refer?—A. I do not know.

Q. Who did you intend to be the Canadian authorities, when you made the statement?—A. I thought they would be the Board of Transport Commissioners.

Q. The Board of Transport Commissioners would not have anything to do with it?—A. I do not know—there certainly must be authorities—

Q. You made the statement; what was in your mind?—A. The Board of Transport Commissioners.

Q. They only have the directing of the route of the line?—A. I thought they had a great deal more to do than that.

Q. You tell us now the authorities you meant were the Board of Transport Commissioners?—A. The authority I thought at that time was the Board of Transport Commissioners; maybe I was wrong.

Q. Was parliament not the authority you referred to?—A. No.

Q. You mean there is no authority there?—A. No, but they certainly would not be the authority for such a small detail as that.

Q. A small detail—that is the whole argument in this matter—the question of sufficient gas for British Columbia and the supplying of gas for British

Columbia. There would be no trouble at all if British Columbia was satisfied in this matter. That is why I am asking you on this point—you know that yourself?—A. What is your question?

Q. I ask you who are the authorities that would have to be satisfied that British Columbia was getting the amount of gas required?—A. I thought the Board of Transport Commissioners would have that authority.

Q. You say the authorities you meant are the Board of Transport Commissioners?—A. Yes.

Q. What is your knowledge of the Board of Transport Commissioners, may I ask?—A. I have read the law but I must admit that I have forgotten it.

Q. You do not know what their duties are?—A. In general—they have charge of transportation.

Mr. CARROLL: Is not that a matter of statute?

Mr. CONNOLLY: It is a matter of law.

Mr. HIGGINS: Yes, but also Mr. Dixon is a man who knows the Board of Transport Commissioners had no control over this matter.

Mr. CONNOLLY: I think Mr. Dixon might have reason to think the Board of Transport Commissioners would certainly have a great deal to say about the matter.

Mr. HIGGINS: As to the actual gas that was going to British Columbia?

Mr. CONNOLLY: Yes, although the Fuels and Electricity Act does apply. I should think that people in Alberta, too, would have a good deal to say. There will be contracts and agreements and so on. But why pin Mr. Dixon down on a point like this? He is not a lawyer; he will do whatever is required.

Mr. HIGGINS: But he must know the authorities whom he meant? Mr. Dixon is too well versed in this matter not to know whom he was talking about.

Mr. CONNOLLY: Mr. Dixon has said that the Board of Transport Commissioners was the authority.

Mr. GOODE: Mr. Dixon, you have mentioned a figure as a penalty to British Columbia and the city of Vancouver, and I wonder if we might get some information on that—

Mr. MAYBANK: Louder please.

By Mr. Goode:

Q. I would like the privilege of making this statement myself, without the assistance of my friends down here.

You mentioned \$1,000,000 a year that it would cost Vancouver on the price of gas, taking into consideration the U.S. line and the all-Canadian route. You mentioned that as an approximate figure?—A. I mentioned \$1,000,000? I said it would be somewhere between \$700,000 and \$1,200,000 but that it was a very hard figure to calculate.

Mr. MURRAY: Extra?

The WITNESS: Yes.

By Mr. Goode:

Q. Would that pertain over the twenty years or the life of the project?—A. Over the entire life of the project.

Q. For the same amount, or would it increase or decrease?—A. I think it would be fairly constant.

Q. I want to ask you something about employment in regard to the taking of the all-Canadian route and starting to build this pipe line. Is it a fair question to ask you how many men would be employed in the construction of that line? You said, I believe, that it would take three years to construct. How many men do you think would be employed on the all-Canadian route—just

in round figures, if you do not mind?—A. It is hard to say anything at all accurate but I should say on the entire route there should be something around 1200 men.

Q. If the route was only built from Pincher Creek—from the end of the grid system to Kingsgate—how many men would be employed?—A. There would be employed say half of that number, but for a shorter time.

Q. Now, as far as maintenance is concerned, Mr. Dixon, how many men per mile—and I know this question may be difficult because I do not know very much about pipe lines—but on the average, how many men would be permanently employed per mile in pipe line maintenance?—A. I think somewhere in the neighbourhood of one-half a man per mile.

Q. Somewhere in the neighbourhood of one-half a man per mile, I took the trouble before I came here to run through a telephone call to Victoria. I wanted to check your idea about steel mentioned in regard to the Dominion Bridge. I had in mind that the West Coast Transmission Company mentioned that their steel would be made in the United States. Now, Dominion Bridge in Vancouver is in my riding and I want to know something about employment. I want to put this on the record. Their monthly payroll now is \$100,000 per month and they consider that if they got this contract 250 men would be employed for one year, and their payroll would increase fifty per cent.

Mr. SMITH: Is this a question?

The CHAIRMAN: Well, others have made statements.

Mr. MURRAY: I would like Mr. Goode to qualify his last statement about the number of men who would be employed.

Mr. GOODE: Have I your permission to answer it, Mr. Chairman?

The CHAIRMAN: I think you have made the statement and it will be found in the record. I do not think there is any need of repeating it. Mr. Herridge has the floor.

By Mr. Herridge:

Q. This morning I asked Mr. Dixon a question. The city of Nelson has a population of approximately 10,000. I asked if it would be served on this line and I think the answer given was yes. But in listening to Mr. Dixon's review of the various cities and towns which would be served along the line, I failed to hear him mention the city of Nelson, and I notice that the city of Nelson is not indicated as being served on any of the maps presented to this committee. —A. The city of Nelson is not far from Trail and we certainly expect to serve it but not directly. That is an error. We did not have it in our list because in conversations with the British Columbia Electric Company, they expect to serve that city, and to take the gas as a unit for all those towns. They are considering that. That is an error that it is not in. We expect to serve Nelson.

Q. Then I have your assurance that the city of Nelson will receive service from this line?—A. Yes.

Q. Thank you. Now, has the Canadian Pacific or the Consolidated Mining and Smelting Company, Limited, given any indication that they intend to invest in your company?—A. No, they have given no indication that they will invest in the company.

Q. Thank you.

The CHAIRMAN: Mr. Harkness?

Mr. HIGGINS: Mr. Chairman, on a question of privilege: there appeared to be some doubt about the transcript. Let me say that the transcript I read from was by courtesy of the power company. It is an exact transcript supplied I believe officially. At least there is no notation on the bottom, but I am told that it comes from bona fide sources, and the exact wording which I read is the same that is contained in the official transcript.

MR. APPLEWHYTE: Mr. Chairman, I would like to make it clear to Mr. Higgins and to the members of the committee that when I challenged the correctness of the things being stated by the witness I was not suggesting that Mr. Higgins was producing something which was not an exactly correct transcript.

MR. HIGGINS: But the suggestion was conveyed when I was asked what was at the bottom of the transcript.

MR. CARROLL: I want to find out whether or not it is the intention, Mr. Chairman, to put this evidence in the record of this committee? If so, I object to the whole proceedings. It cannot be evidence before this committee.

MR. HIGGINS: I am not asking that it be put in. I merely brought it up to clear my own reputation in that particular matter.

THE CHAIRMAN: I think you have cleared yourself, and if you are not particular about it going in, we can leave it out. Now, Mr. Harkness has the floor.

By Mr. Harkness:

Q. Mr. Dixon I think you have mentioned several times that the construction of a pipe line does not cause development, by which I understand you to mean population development or industrial development. Are you familiar with the development which has taken place in the province of Alberta during the last 30 years?—A. Yes.

Q. Would you say that any part of that development has been due to the construction of a natural gas line in that province?—A. There are no big natural gas transmission lines in the province of Alberta.

Q. Well, Mr. Dixon, you know that there is a transmission line from the southern part of the province up to Calgary with which another line from the Turner Valley ties in, and there is a transmission line from the gas field which is east of Edmonton into Edmonton and which runs down to Red Deer; and while those are not extremely long pipe lines, nevertheless they are several hundred miles in all, and I would like to ask you whether you consider that the construction of those pipe lines had anything to do with the development which took place in Alberta?—A. Yes, but I know of no development which took place along the lines of your Kinsella field to Edmonton due to that gas line, nor do I know of any development which took place along the line to Calgary due to the laying of that line, that is to say, along the line. That is what I was saying.

Q. Have you ever heard of the city of Lethbridge?—A. Yes.

Q. Would you admit that a considerable amount of industrial development has taken place there as the result of gas coming from?—A. That is not due to the laying of a transmission line. It was brought about in Lethbridge due to the enterprise of the people there utilizing the gas.

Q. My suggestion, Mr. Dixon, is that we have an amount of development in Alberta which has been due to a very considerable extent to the construction of the gas lines which we have there.—A. Development in Calgary and Edmonton has certainly been added to by those pipe lines.

Q. And Lethbridge?—A. And Lethbridge.

Q. And Medicine Hat?—A. But those towns, all of those towns with the exception of Edmonton have gas very close to them.

Q. But Calgary certainly did not have gas close to it, until comparatively recent times. Our gas there all came from the southern area east of Lethbridge.—A. That was in very small volume.

Q. Until the Turner Valley was brought in. In any event, the point I wanted to bring to your attention was this fact that in my opinion at least, and I think in your own judging from what you have said now, a good deal of the development that has taken place in Alberta has been due to the fact that gas has been available.—A. Well, you can look at it in this way: that a great deal of the development in Alberta is due to oil and gas.

Q. But gas was in use there long before oil was there in any quantity and the development actually, I would submit, has taken place. I am talking about industrial development chiefly, and population growth.—A. In this particular case it would be very hard to determine because other fuels were very cheap in that region and we cannot say what was due to gas. And except for the ammonia plant I do not know of any plant there which was due directly to the gas.

Q. Would you concede that conditions in Alberta and Saskatchewan are relatively similar except that in Alberta we have had gas and in Saskatchewan they have not.—A. I do not like to get into a discussion of the similarity of two Canadian provinces.

Q. Well, nevertheless the fact is—

Mr. MURRAY: What about the C.C.F.?

Mr. HARKNESS: We have very much more development in Alberta than there is in Saskatchewan and I think that gas is the answer.

Mr. BYRNE: My understanding of this gathering is that it is to receive information from the witness. I have heard on many occasions the member who is speaking now give his opinions on the pipe lines during the last four or five months in the House of Commons and I must say that I am not in the least interested in his opinions but I am interested in the opinions of the witness.

Mr. HARKNESS: The witness has made a certain statement and I think I have a perfect right to question him on that statement.

The CHAIRMAN: I must ask, however, that the discussion be confined a little more to the subject of the bill and not to too many detours.

Mr. HARKNESS: This is an important statement and one on which some question and comment is required.

By Mr. Harkness:

Q. Now, to look at a different phase of the matter, would you consider that the building of a gas pipe line through the area in which there was either very little or no oil and gas development, where no wells had been drilled, would promote the development of that drilling?—A. I know of a great many long lines running from Texas all the way to Los Angeles. One line has been there for some time now. I know of the Panhandle Line, and I know of the Northern Natural line to Minneapolis and other lines. They start at the gas fields, and the territories along those routes as far as I know, have never been developed because of those pipe lines.

Q. I think you are getting around the question a little?

The CHAIRMAN: I think he has been very good. He has answered the questions at far too great length and given you far too much for your money.

By Mr. Harkness:

Q. Let us put it in a more definite form. If the gas line were going through the northern part of Alberta and British Columbia where there is a certain amount of oil and gas development now, in your opinion would the existence of that pipe line promote further drilling?—A. If there was a line there, the existence of the gas pipe line would promote drilling for gas, yes.

Q. That is all I want. That is fine. Now, in your statement of this morning or yesterday, I have forgotten which, you said that you were planning on delivering 11 billion cubic feet to British Columbia and 62 billion cubic feet to the United States?—A. I do not think that is quite right.

Q. Then what was it?—A. It was 11,500,000,000, if the consolidated took the small estimate; but if they took the large estimate, it would be 2 million more than that.

Q. But on the basis of the smaller estimate, just approximately—I do not care for a few hundred thousands—but just approximately, it would be 11 billion

as against 62 billion? Now, I think it has already been established also within the provisions of your statement, that if United States consumers are going to get their share of this gas there will need to be a treaty of some sort entered into?—A. I never used the word treaty.

(On the division bell ringing.)

Mr. SMITH: I move that we adjourn to the call of the chair.

Mr. MAYBANK: I suggest that we come back after the vote and sit here all night if need be to get this through.

The CHAIRMAN: What is the pleasure of the committee?

Mr. MURRAY: I think we should get on with the bill. We have heard everything that can be said about the bill either for it or against it and I think we should get on with the bill.

The CHAIRMAN: If that is your wish we will adjourn until after the vote is taken.

Mr. MURRAY: I move we proceed with the bill after the vote is called.

Mr. MAYBANK: It is understood that we are to come back after the vote?

The CHAIRMAN: That is right, that is the usual procedure.

Mr. MAYBANK: And be prepared to sit all night to get this through.

(The committee adjourned for a vote in the House.)

The CHAIRMAN: "As you were", gentlemen.

Mr. MAYBANK: I wish to make a motion, Mr. Chairman.

Mr. HARKNESS: When the committee adjourned—

The CHAIRMAN: Mr. Maybank has the floor.

Mr. MAYBANK: I was about to make a motion.

Mr. HARKNESS: I think I had the floor and I would like to finish with these questions that I am asking Mr. Dixon.

Mr. MAYBANK: Who has the floor, Mr. Chairman; Mr. Harkness or I?

The CHAIRMAN: Mr. Harkness I think has a right to complete his examination, and as soon as he has finished I will give you the floor.

By Mr. Harkness:

Q. Mr. Dixon, when we adjourned I was just at the point of asking you some questions in connection with the 11 billion cubic feet that you estimate you are going to provide to British Columbia as compared with 62 billion cubic feet to the United States, and you, I think, had just said that you did not know whether a treaty would be required or not to apportion this amount; but at any rate I think your evidence has been that if not a treaty an agreement of some kind would be necessary; is that not the case?—A. Is that a statement of fact or is that a question?

Q. I am asking you if that is not so, if that has not been your evidence?—A. I do not think that is exactly what I said.

Q. Well then, how would this apportionment as between the two areas be arrived at if it was not through a treaty or an agreement?—A. I do not know how it could be arrived at unless there was an agreement. I did not say treaty.

Q. I asked you if it would not be either through a treaty or an agreement and you said you did not know, that it would be either that or an agreement of some kind—A. I agree that there must be an agreement beforehand that B.C. will get a certain amount of gas which will be calculated to supply all of their present and prospective needs and the rest of the capacity of the line will be divided to the users in the United States.

Q. Well let us assume that there might be an increase in the demand for gas in British Columbia, would there not have to be provision in such an agree-

ment to take care of that increased demand; and did you not indicate to the committee that the relative proportion would be 6 to 1?—A. I did not say that it would be 6 to 1; I said we expected that it would be something like 25 per cent to 75 per cent.

Mr. MURRAY: You said that Canada would have the preference.

The WITNESS: They would have priority in so far as we can estimate what Canada is going to need. At the moment I doubt if anybody could make an exact estimate of that.

By Mr. Harkness:

Q. When you were giving evidence in connection with the population from rural B.C. you stated that the proportion going south from Munroe—and that would include Seattle, Tacoma, Portland and so forth—would be a 20-inch pipe line—that large area to the south would be your chief market, is that correct?—A. Yes.

Q. In Seattle, Tacoma, Portland and so forth?—A. That is the largest market, a good part of it at least, if you include Seattle and Portland together it is the larger market.

Q. Yes, then you say the line going north to Vancouver would be a 22-inch line. Why do you need a larger line going north to Vancouver than going south to Seattle and Portland where you have the largest market?—A. So we will have the pressure to supply Vancouver and other points.

Q. It would seem to me that if you are only going at any time to envisage sending 25 per cent of your gas to the north that you would not need a larger pipe line going north than you have going south where you are going to send 75 per cent of it?—A. We had this worked out by very competent engineers and it is a matter of where you need some pretty high pressures on the way to Vancouver so that you would have enough to feed the gas to inland points.

Q. That is the explanation of that larger line in Canada, because you need higher pressure?—A. We need a lot higher pressure crossing the international boundary to take care of the line going from Vancouver up the Fraser Valley.

Q. Then, to go on to another point. I think you stated that you would serve 37,000 consumers in British Columbia. Now, I take it from that you mean 32,000—A. No, 32,000 population outside of the city of Vancouver; there would be a population of 32,000. I think I made an error there, I understand that Nelson alone has a population of 30,000 and that is not included.

Q. In other words, you figure that you will serve 32,000 customers in the interior of British Columbia?—A. Yes, at consumer points outside of Vancouver which will be served by that line.

Q. And that does not include the town of Nelson?—A. No, that does not include Nelson.

Q. Then have you any figures as to the number of consumers you expect to have throughout British Columbia including the City of Vancouver?—A. You mean we could need a bigger pipe line?

Q. No, I mean the number of customers that you are likely to have on the line.—A. We had those figures given to us in great detail, and also estimates as to how many there will be additional as time goes on.

Q. The reason I asked the question is this, Mr. Dixon; at a hearing before the Alberta Natural Gas and Petroleum Survey Board the Canadian Western Gas Company presented evidence through their president on that point which to me is very interesting. I come from Calgary, the city of Calgary, and I am pretty interested in this gas matter from the point of view of Calgary.

And in the evidence that he presented he produced figures to show that the number of outlets that they had for that system, which includes Lethbridge and the towns between Calgary and Lethbridge was, in 1949, 38,000 and the total amount of gas which they supplied to those 38,000 outlets with a total population,

as a matter of fact, of 143,700,—that was the population of those cities and towns,—the amount of gas they supplied to those 143,700 was a total of something over 20,742,000,000. Now, that is just about twice as much as you envisage for use in British Columbia; in other words, at the present time the city of Calgary, south of Lethbridge, and the small towns between, with a population of one third of British Columbia, are using twice as much as British Columbia is envisaged to use.—A. Yes, the city of Calgary has the lowest priced gas, with the exception of Edmonton, of any town in the North American continent, of any town or city of any considerable size. Those figures also include industrial loads, the generation of electric power. The consumption per meter in the domestic service in Calgary is extremely high on account of the cheap gas and rigorous climate.

Q. I would not agree with you on the rigorous climate, of course.—A. Wherefore they consume for domestic use several times as much gas per outlier in Calgary as they would in Vancouver. Also, they have a plant there that makes ammonia from natural gas, which consumes, I believe about ten to twelve million a day, wherefore, the figures there are not exactly or not comparable at all on the basis of population with what would be consumed in Vancouver. The figures that we gave you for Vancouver are not our figures, they are the figures of what the British Columbia Electric Company said they would want at the end of five years.

Q. Well, on the basis of figures of consumption which actually occur in Alberta, would you not think that this figure of eleven million, which includes some three and a half million for Trail— —A. No, you are incorrect in your statement, the eleven million is eleven and a half million.

Q. Eleven and a half million?—A. Also there is a possibility of two and a third billion being added to that.

Q. But just on the figures you have given, if you take off the three and a half billion that is going to be used at Trail it leaves you with only eight million for all the rest of the province, particularly the city of Vancouver and apart from commercial consumption. In Calgary the total commercial consumption—as a matter of fact, you have quoted a figure of ten million and some odd—the figure given by Mr. Browning is 345 billion, less than half you quoted the nitrogen plant was using.—A. I said ten to twelve million a day.

Q. Oh, yes, these are yearly figures they are talking about here.—A. Is that ten million M.C.F.'s? I think there is some misunderstanding.

Q. M.C.F.?—A. Yes. That is four billion a year, you must mean. I think we are confused with M.C.F., between billions and millions.

Q. In any event, would you think that it was at least probable that this figure of consumption for Vancouver particularly was probably very much less than what the actual consumption would be?—A. I would hate to dispute with the engineers of the British Columbia Electric. They ought to know their work there, and it corresponds also very closely to corresponding communities to the south in such places as San Francisco.

Q. Well, I will leave that point there. Now, there has been some talk and some questions in connection with an oil line from Alberta to the Pacific coast. Would it be cheaper to build an oil line along a route which had already been followed by a gas line in the event of an oil line being required rather than putting an oil line in a completely new location?—A. Well, that depends. Ordinarily, it would be better for operation and several other purposes. If the gas line goes up and down hill then it would probably be that you would lay the oil line, trying to get it on grade. With a gas line, grade makes no difference, but with an oil line every time it goes up you must pump the oil up and you can only use a limited amount of that energy to bring it back down again because you have to check the fall of the oil in the pipe when it is coming down or you would break the pipe. In some cases it would be ideal but in other cases it would not be so.

Q. Going from Alberta to the west coast any pipe line has to go up hill a lot?—A. Yes, but you do not want to have it doing that too much.

Q. And I suppose you would run a gas line as little up and down as possible?—A. That makes very little difference.

Q. In any event, if the two did run side by side, the cost of construction of the oil line would be cheaper, that is if the oil line was run alongside the gas line?—A. If it was in a proper terrain, yes.

Q. Generally speaking, though, it would be an advantage as far as the subsequent building of an oil pipe line is concerned if it could follow the route of a gas line already there?—A. In general that is correct, with the qualifications I gave.

Q. Well, in connection with the gathering system, you said on page 2 of the brief that the proposed company would be closely associated with the Alberta Natural Gas Company. You told us that the cost of that grid system would be \$26,007,000. Now, I believe that was the same figure that you gave in a submission which was presented to the Alberta Natural Gas and Conservation Board?—A. It is not exactly the same figure. We had been working on it and reducing it. That will supplant that figure.

Q. Well, the figure you put before the Alberta Gas Board was \$26,000,000 odd, was it not?—A. I forget, but this has been reworked, and different sized lines have been calculated; I think we have made a better design this time.

Q. You do not remember whether the figure you put before the gas board in Alberta was \$26,000,000 or not?—A. I cannot remember—as my memory serves it was somewhat more than that.

Q. As my memory serves me it was just over \$26,000,000. I have not got the proceedings with me but I read them. At the time you made that suggestion you were figuring steel at a price of \$140 a ton. You told us today, or yesterday, that the cost of steel would be \$185 a ton. How is it the cost here and the cost put before the gas people in Alberta is approximately the same—\$26,000,000, with the difference in price of steel of from \$140 to \$185?—A. It is a different project; a different design; a different amount of steel. The price of steel, in any case, has increased a great deal, and so have freight rates.

Q. The point I was getting at is why the two figures are the same in spite of the fact that the cost of steel is so much greater?—A. If the two figures are the same it is purely an accident because they are based on two different constructions. The design of the line has been entirely changed since we made our submission in Alberta.

Q. Some of the other costs in the line have been reduced in the later estimate. Steel has gone up so some of the other costs must have gone down?—A. As I say, you cannot compare them; there is no comparison between the two sets of figures.

The CHAIRMAN: Mr. Harkness, I would like to ask you if you would be good enough to confine your remarks more to the topic of the bill. I do not believe that the price of steel and all that sort of thing is relevant to what the committee is asked to do. You could save a great deal of time for everybody concerned if you would be good enough to keep to the bill—and if not, I will have to rule that you are out of order.

Mr. HARKNESS: We have had a great deal of evidence as to what the cost of these various lines would be—what the cost of the grid system was and so on. I was just getting at the cost of the grid system and it is quite evident that steel is an important item in that.

Mr. APPLEWHITE: Is the grid system to come under the charter to be granted by this bill?

By Mr. Harkness:

Q. As far as the grid system is concerned, have you had any conversations with the two operating gas companies in Alberta—the one serving Calgary, and

the one serving Edmonton—as to whether they would be prepared to take their gas from your grid system if you constructed it, or have you any reason to believe they would sooner get their gas by other means?—A. I have had many conversations extending over two years.

Q. What is the effect of those conversations? Are those two gas companies there at present favourable to your scheme, or would they prefer to get gas in some other way?—A. I think, as of the moment, they apparently want to get gas in some other way.

Q. In some other way. Would that have a material effect on whether you build your grid system or not?—A. No.

Mr. APPLEWHITE: I do not want to rise too often on a point of order, but, on page 2 of the brief it says that there is an Alberta company incorporated for the purpose of operating a natural gas gathering grid system. If this company we are dealing with is not being incorporated for the purpose of operating a grid, then let us keep to a discussion of the bill?

Mr. HARKNESS: Mr. Chairman, I would submit that Mr. Dixon has given us evidence in connection with the grid system—it is an integral part of this scheme. The Alberta Natural Gas Grid Company is a subsidiary of the company which is seeking incorporation at present and therefore the questions are in order.

The CHAIRMAN: I think you should proceed with the main topics of the bill. I quite agree with Mr. Applewhite, and I think most of the members do, that you should make your remarks relative to the bill and its main provisions. There is a good deal of repetition going on now.

Mr. HARKNESS: My next question, and the only one I have on that, is: if the Alberta gas companies at present in operation are not prepared to deal with you in this matter of taking gas, as you say you understand, do you think you have any sort of a chance of getting a permit from the Alberta government to construct this grid?

The WITNESS: Yes.

Mr. HARKNESS: All right, but I would think myself that it is very doubtful.

The CHAIRMAN: Mr. Maybank wishes to have the floor for a moment.

Mr. MAYBANK: Mr. Chairman, I wish to move that at the next sitting of this committee we shall commence to consider the bill, clause by clause—and that is the end of the motion.

That is to say that at the conclusion of the sitting of the moment we will not proceed any further with the taking of evidence. It is not my intention to express any argument with regard to these things— I feel there may be other people who will wish to argue about them. My own view is that we have had a masterly presentation of triviality long enough.

Mr. McIvor: I second the motion.

Mr. SMITH: I wish to speak to the motion, Mr. Chairman, and I am opposed to it. Among my many good reasons for opposing it is that the chief hatchet-man for the government has come down here to start the steam roller in operation.

Mr. MURRAY: I think that word should be withdrawn—it is very wrong.

Some Hon. MEMBER: Withdraw, withdraw.

Mr. MAYBANK: Mr. Chairman, since the remark applied to me, I am the one who might expect to have asked that it be withdrawn—if it were to be withdrawn at all. Thank you Mr. Murray for taking my part that way—but may I say that I do not care whether he withdraws it or not. All the kind of triviality, and stupid talk—to use one of his expressions,—just passes off my back like water off a duck. I pay no attention; I just consider the source.

Mr. MURRAY: It is not a matter of personalities or whether the honourable gentleman is aggrieved, or not; It is lowering the standard of parliament to

introduce into a discussion of this kind the statement that a man is a hatchet-man. To go into the alley of Hong Kong—

Mr. FERGUSON: What does "hatchet-man" mean?

The CHAIRMAN: Order. Mr. Smith has the floor.

Mr. SMITH: I was endeavouring, to speak to the motion, but apparently the cariboo have not yet shed their antlers and they have got to get into a fight that is not theirs at all.

I simply come to this: I have been sitting here all day with some questions that I wanted to ask. I think the committee will agree that I did have quite a long cross-examination yesterday, but I think they will agree too that I did not waste any of this committee's time.

Some Hon. MEMBERS: Oh, oh,—

Mr. MAYBANK: Go on.

The CHAIRMAN: Order.

Mr. SMITH: There is apparently some disagreement with that statement, and I notice the agreement becomes vocal from the lips of the same gentleman who introduced the steam roller a moment ago, as he has tried to do on two or three occasions in the sittings of this committee.

I shall answer your question, if you like. So I am suggesting that we pursue our normal course, and I do want to ask some questions. If I did not do that—it is now getting close to 11 o'clock and tomorrow morning—

Mr. MAYBANK: We do not need to quit at 11 o'clock.

Mr. SMITH: You may not, but I do. I am an old man and you are one of those young fellows who can still wield a good hatchet. I am still sure it would save the time of the committee.

Mr. MAYBANK: After all the rest you had today, you ought to be able to keep going for a long time.

The CHAIRMAN: Order!

Mr. SMITH: My position is this: I think if I were permitted to study these various notes—all I have been able to do was to make notes of what the witnesses said as they went along—I am sure in so far as I am concerned that if I had the opportunity this evening of looking over what I have got here I could do what I have to do in a very short time—not what I have to do but what I intend to do, in a very short time tomorrow morning.

Mr. MAYBANK: No. Do it tonight. Fifteen minutes would serve you.

Mr. SMITH: Yes, I intend to do it tonight. That is what I am arguing for, an opportunity; but you are driving me so hard that you are not leaving me a chance to get some sleep and I need it. My beauty, among other things, call for it.

The CHAIRMAN: Order!

Mr. SMITH: I am opposed to the motion.

Mr. MAYBANK: Surely, you are opposed to it!

Mr. SMITH: I hear sounds coming from somewhere, sounds which are disagreeable, sounds which to me do not make words, phrases, or sentences. I do not know what those sounds are. I suggest we pursue the normal course and if I prove to be wrong in what I have said, that this would give me an opportunity to shorten my examination tomorrow, then you may call me and tell me that I have had too much to say; or I give you the full authority to tell me tonight. Perhaps I cannot give it to you because you already have it; but I certainly would be in agreement with you if you stopped me because I was too prolix in the examination of the witness.

The CHAIRMAN: Mr. Pearkes on a point of order?

Mr. PEARKES: I asked a question of a former witness yesterday and I was referred to the present witness today. I would like an opportunity of putting that question.

Mr. MAYBANK: We are not adjourning.

Mr. PEARKES: I repeat that I would like an opportunity to put that question to the witness. Whether it be today or tomorrow is immaterial to me; but I would like to have that opportunity.

The CHAIRMAN: Mr. Green?

Mr. GREEN: May I suggest that yesterday Mr. Connolly was giving evidence and I got up to examine him when my friend, Mr. Murray, moved a motion that we do not hear Mr. Connolly then but hear Mr. Dixon instead. That motion was voted upon and carried and Mr. Connolly was stood aside and Mr. Dixon was called.

I submit in view of that fact that Mr. Maybank's motion now is completely out of order and should not be put. The effect of his motion is simply to chop off any discussion tomorrow at all.

Mr. MAYBANK: No, no, not at all.

Mr. SMITH: It is closure.

Mr. GREEN: Yes, that is what it amounts to; that tomorrow there can be no witnesses called and that we must proceed with the sections of the bill. If that is what he is moving, I think it is a strange motion for a parliamentary assistant to move on a private bill which he is sponsoring. However, he has taken that responsibility and those are the facts.

I have asked Mr. Dixon to get me some figures, but I suppose that will be cut out. And I say to you that in view of the motion that was put yesterday and carried, the motion is quite out of order now.

The CHAIRMAN: Mr. McIvor?

Mr. McIVOR: Mr. Chairman, we are not adjourning, but as I listened to the debate and to the answers by the witnesses I came to the conclusion that I had got the information which I wanted to get. I do not see any purpose in piling up questions and answers any longer. The witness said that he is perfectly willing to have an all Canadian route if the Board of Transport Commissioners grants it. Canada will be satisfied, and our needs will be satisfied first. That suits me. That is why I second this motion.

The CHAIRMAN: Mr. Riley?

Mr. RILEY: Mr. Chairman I do not see why any questions asked by any members of the committee cannot be asked this evening. I do not think there is anything to prevent the committee sitting beyond 11 o'clock—

Mr. MAYBANK: No, no, let us sit all night.

Mr. RILEY:—with the consent of the members of the committee. I am sure that Mr. Dixon himself, who has been subject to a rather trying ordeal, would not relish having to go through the same thing tomorrow.

Mr. Dixon has been asked questions which had no bearing whatever upon the incorporation of a company. Those questions have gone into details which did not effect in any way the granting of a franchise by parliament, and I think he has been asked already every question except "Who made the world"? There is but very little left to be asked and I think it can be asked tonight.

The CHAIRMAN: Mr. Herridge?

Mr. HERRIDGE: Speaking in support of the argument put forward by Mr. Green I think in fairness to Mr. Green and one or two others I should say that when Mr. Connolly's evidence was terminated at a certain point a question was asked, and the member asking it was told that Mr. Connolly would be

recalled and there would be a further opportunity to ask the question. I think if you examine the record you will see where you said that at that point.

The CHAIRMAN: Mr. Lennard?

Mr. LENNARD: In speaking to the motion in support of the member from Calgary east, may I say I sat here fairly quietly yesterday and I heard on many occasions the member from Calgary east being told that he might better ask a particular question of Mr. Dixon, and he accordingly reserved his question.

The CHAIRMAN: Mr. Goode?

Mr. GOODE: Mr. Chairman, I think this might be a case where a compromise might be worked out. Let us find it! I do not think Mr. Maybank would mind. It is his motion not mine, but why not let us have questions asked from 11 o'clock to 1 o'clock tomorrow and have it generally understood that at that time, by general agreement—that is at 1 o'clock tomorrow—we go on to the bill? That would give everybody a chance.

Mr. MAYBANK: Mr. Chairman, that appears to be a question asked of me, and I think probably the questions should be asked from 11 o'clock to 1 o'clock tonight or until 5 a.m., if anyone wishes. People who have been spending time like the honourable member for Calgary east, have pretty well demonstrated what is going on here and we had better decide whether that minority entirely runs the committee or whether it does not, and I would say that surely the questions can be asked.

The CHAIRMAN: Mr. Harkness?

Mr. HARKNESS: I would like to know what Mr. Maybank means by making that statement? I have asked no questions here which I did not ask in the hope of getting information. I would like to know what Mr. Maybank means? I think Mr. Maybank has implied that I was wasting the time of the committee and wasting it deliberately. I say that is absolutely false and I would like to have him explain what he means? If it does not mean that, then what does it mean?

Mr. MAYBANK: I do not want there to be any misunderstanding as to what I meant, and so that there will not be any difficulty on that score I meant that he was wasting the time of the committee; but he says I implied it; I will make it a little more clear, I say it.

Mr. HARKNESS: I say that is absolutely false.

Mr. MAYBANK: You say it is absolutely false; that is all right. Both statements are on the record. That is O.K. Now, the member for Calgary East as well as others has demonstrated, demonstrated, demonstrated over and over again that they are not dealing with the issues involved in the incorporation of a company. Over and over again from start to finish 95 per cent of the questions have not had to do with something germane to the question of whether or not a company will be allowed to be borne. That is the issue before the committee.

Mr. SMITH: Mr. Chairman, on a point of order: What motion is he speaking to now?

Mr. MAYBANK: As to the question asked a moment ago as to whether or not we could reach a compromise, I think we can effect a compromise if it can be done in two hours; that is one hour on evidence and one hour on the bill, between 11 o'clock and one o'clock; or, if that is not enough let us take more and sit tonight, and then if these gentlemen want to ask more questions they will have that further chance.

Mr. MURRAY: Mr. Chairman, what is the motion before the House?

The CHAIRMAN: The resolution is being discussed, Mr. Murray.

Mr. MURRAY: I would like to have it read again.

The CHAIRMAN: Do you wish to speak to the motion?

Mr. ROONEY: Mr. Chairman, I believe that we are not asked very often to sit long hours. This is a question we want to get cleared up once and for all and if there are gentlemen here who want to ask questions and who are so anxious to do so why not let them state their views if it takes all night to get the thing finished once and for all. I would support Mr. Maybank in his motion.

Some hon. MEMBERS: Question.

Mr. HOBSON: Mr. Chairman, there are a lot of members here who like myself came down this morning at 8 o'clock and we have been in this building ever since. Now, it is quite all right for Mr. Rooney who comes up here at half past eleven or twelve o'clock to suggest that we sit all night; if he had been up here at 8 o'clock this morning he would be glad to call it a day at eleven.

The CHAIRMAN: Are you ready for the question?

Mr. ADAMSON: What is the question?

The CHAIRMAN: All in favour of Mr. Maybank's motion:

Mr. HIGGINS: Before the motion is put, Mr. Chairman, may I put this proposition to you; I would point out that there have been a number of questions asked Mr. Connolly and asked Mr. Dixon that they have said frankly they could not answer because, as Mr. Connolly said, he does not know American law; and you yourself, Mr. Chairman, said that Mr. Dixon was not competent to answer. If this question is one which is affected by American law, and I submit it is, we should know it. I cannot see how we are going to decide to agree on this motion if we are not going to be permitted an opportunity of getting that information.

Mr. ADAMSON: Speaking to this motion, Mr. Chairman,—

The CHAIRMAN: Yes, Mr. Adamson:

Mr. ADAMSON: I have not spoken and I have been sitting here ever since 11 o'clock this morning. There are two or three questions which both Mr. Dixon and Mr. Connolly have intimated were quite important. One of the questions I have in mind is the question of markets and very little has been said about that. I would certainly like to have an answer to this question with regard to markets, even if we do not finish before 11 o'clock. I think one of the most important things on this bill is the percentage of market for Alberta gas, and I would certainly like to ask these questions. I can deal with them tomorrow if there is not time to do so now, because I think you would need to have unanimous consent to sit after 11 o'clock.

Mr. GOODE: Speaking to the motion, Mr. Chairman, I suggest that if we sit from 11 to 1 in the morning that we could devote the first hour, from eleven to twelve to the putting of questions and that at twelve o'clock we might go on with the bill. I would move that as an amendment.

The CHAIRMAN: Are you ready for the amendment?

Mr. MAYBANK: May I speak to the amendment?

The CHAIRMAN: Yes.

Mr. MAYBANK: I do not know that the other members will comprise, but those to whom I have spoken will I think do so to a certain extent at any rate, if it is a case of one hour on questions tomorrow. As for myself, despite the vehemence with which I spoke a little while ago when I said no compromise at all—at least I said that in effect—despite that my friends are I think as desirous as I am that we might accept that division of time, I notice quite a few of my friends nodding their heads. If that be the case, since I would be willing to accept that amendment, perhaps the member (Mr. Goode) would agree and the committee would agree that I might incorporate that in my motion, and the motion would then read that tomorrow the first hour may be devoted

to the taking of further evidence and thereafter we will proceed to a consideration of the bill itself. I think that is the way the amendment reads. Is that acceptable to you?

Mr. GOODE: Yes.

Mr. MAYBANK: Very well.

The CHAIRMAN: I think that is a fair solution all around because there was something said by the chair that it was agreed when Mr. Connolly terminated his evidence in favour of Mr. Dixon that there would be a brief period to hear him again, and I assume that can be done briefly tomorrow morning. Are you ready for the question?

Mr. SMITH: Is the motion to take evidence until one o'clock?

The CHAIRMAN: To take evidence from eleven to twelve and after that to go on to the bill.

Mr. SMITH: If it is eleven to one we will all vote for it.

Mr. CARTER: I should like to ask this question: if the hour is taken up with questioning Mr. Dixon would that exclude Mr. Connolly?

Mr. MAYBANK: One hour of evidence.

The CHAIRMAN: One hour of evidence should cover it. All those in favour of the amendment—

Mr. MAYBANK: The motion itself.

The CHAIRMAN: Yes, the motion itself, the amendment is withdrawn.

Mr. GREEN: What are we on?

The CHAIRMAN: The amendment has been withdrawn and the vote is on the motion which was changed by Mr. Maybank to include the amendment moved by Mr. Goode.

All those in favour of the motion?

(On the showing of hands, 32 for and 11 against.)

The CHAIRMAN: I declare the motion carried.

Mr. GREEN: Could we have a recorded vote?

The CHAIRMAN: Do you think it would do you any good.

Mr. GREEN: Please.

Mr. CHAIRMAN: During the taking of the recorded vote in order that things may be uniform, I will ask all those in favour to say "yea" and those opposed to say "nay" as their names are called.

(Mr. McCulloch assumed the chair.)

The vote being taken:

The CLERK: Yeas 31; nays 12.

The VICE CHAIRMAN: I declare the motion carried.

The committee adjourned to meet again tomorrow, April 28, 1950 at 11 a.m.

Gov. Doc
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*Parliamentary Committee on Railways, Canals and Telegraph Lines
March 1, 1950*

SESSION 1950

HOUSE OF COMMONS

Government
Publications

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STANDING COMMITTEE

ON

/ RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

Bill No. 7

An Act to incorporate Alberta Natural Gas Co.

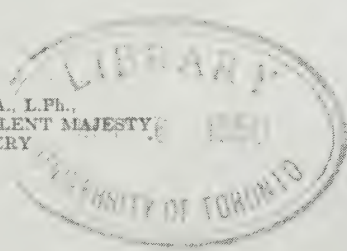
Friday, April 28, 1950

WITNESSES:

Mr. John J. Connolly, K.C., Parliamentary Agent;

Mr. A. F. Dixon, President, Alberta Natural Gas Company.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY,
CONTROLLER OF STATIONERY
1950



MINUTES OF PROCEEDINGS

FRIDAY, April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.00 o'clock. The Vice-Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Adamson, Appelwhaite, Bertrand, Bonnier, Bourget, Byrne, Carroll, Carter, Darroch, Decore, Dewar, Ferguson, Garland, Goode, Green, Harkness, Herridge, Higgins, Hodgson, James, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Pearkes, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Robinson, Rooney, Shaw, Smith (*Calgary-West*), Stuart (*Charlotte*), Ward, Whiteside, Wylie.

In attendance: Mr. John J. Connolly, K.C., Parliamentary Agent on behalf of the petitioners and Mr. A. F. Dixon, President, Alberta Natural Gas Company.

The Committee resumed consideration of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

Mr. Dixon's examination was continued, and Mr. Connolly was recalled.

The preamble and sections one to five inclusive were severally considered and adopted.

On Section 6:

Mr. Green moved:

That the said section be amended after the word "parliament" in the nineteenth line on page two of the bill the following: "and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada"

At 1.00 o'clock, on motion of Mr. Maybank, the Committee adjourned to meet again at 3.30 o'clock.

AFTERNOON SITTING

The Committee resumed at 3.30 p.m. The Vice-Chairman, Mr. McCulloch, presided.

Members present: Messrs. Adamson, Applewhaite, Byrne, Carroll, Carter, Darroch, Decore, Dewar, Douglas, Ferguson, Garland, Gibson (*Comox-Alberni*), Goode, Gourd (*Chapleau*), Green, Harkness, Herridge, Hodgson, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Pearkes, Prudham, Richard (*St. Maurice-Lafleche*), Riley, Robinson, Rooney, Smith (*Calgary West*), Stuart (*Charlotte*), Ward, Whiteside, Wylie.

In attendance: The same as indicated for morning sitting.

The Committee resumed a clause by clause consideration of Bill No. 7, An Act to incorporate Alberta Natural Gas Company.

On Section 6.

After some discussion thereon the proposed amendment to Section 6, moved by Mr. Green, was resolved in the negative on the following division:

Yeas: Messrs. Adamson, Ferguson, Green, Harkness, Herridge, Hodgson, Jones, Lennard, McGregor, Pearkes, Smith (*Calgary West*), Wylie—12.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Darroch, Douglas, Garland, Gibson (*Comox-Alberni*), Goode, Gourd (*Chapleau*), Jutras, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Nixon, Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Ward, Whiteside—25.

Mr. Green further moved:

That paragraph (a) of Section 6 of the Bill be amended by inserting after the word "hydrocarbons" in the twenty-eighth line the following: "provided that the main pipe line or lines, either for the transmission and transportation of oil or gas shall be located entirely within Canada."

The question having been put thereon the said proposed amendment of Mr. Green was resolved in the negative on the following recorded division:

Yeas: Messrs. Ferguson, Green, Harkness, Herridge, Hodgson, Jones, Lennard, McGregor, Wylie—9.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Darroch, Decore, Garland, Gibson (*Comox-Alberni*), Goode, Jutras, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Nixon, Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Ward, Whiteside—24.

Mr. Herridge further moved,

That paragraph (a) of Section 6 of Bill 7 be amended by inserting after the word "within" in the twentieth line the following: "the provinces of Alberta and British Columbia".

And the question having been put on the said proposed amendment of Mr. Herridge it was resolved in the negative on the following division:

Yeas: Messrs. Adamson, Ferguson, Green, Harkness, Herridge, Hodgson, Jones, Lennard, McGregor, Pearkes, Smith (*Calgary West*)—11.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Darroch, Garland, Gibson (*Comox-Alberni*), Goode, Jutras, Lafontaine, Maybank, McCulloch, Mott, Murray (*Cariboo*), Nixon, Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Ward, Whiteside, Wylie—23.

Sections 6 to 10 both inclusive were severally adopted without amendment.

The title was also adopted and the bill ordered to be reported to the House without amendment.

At 6:15 o'clock p.m. the Committee adjourned to meet again at 8:15 o'clock p.m.

ANTOINE CHASSÉ.

Clerk of the Committee.

REPORT OF THE HOUSE

FRIDAY, April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

THIRD REPORT

Your Committee has considered Bill No. 7, An Act to incorporate Alberta Natural Gas Company, and has agreed to report it without amendment.

All of which is respectfully submitted.

H. B. McCULLOCH,
Vice-Chairman.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 11:00 a.m. The Vice-Chairman, Mr. H. B. McCulloch, presided.

The VICE-CHAIRMAN: It is 11 o'clock and I now call the meeting to order. We have a quorum. I understand that Mr. Dixon would like to answer a few of Mr. Green's questions. Mr. Green is here now.

Mr. A. F. Dixon recalled:

The WITNESS: Mr. Chairman first of all I would like to make a short statement. Mr. Goode asked me if I would say anything further in regard to the atomic plant at Hanford. All I can say is that we have worked in Washington and out in Hanford, and that we are under a pledge to say nothing.

By Mr. Goode: *Mr. Dixon, do you recall the question?*

Q. May I ask one further question: is it because of security reasons that you cannot make a further statement?—A. Yes. We were pledged. When we go in there, we sign a document saying that we will not talk. I believe Mr. Green has asked me for some figures.

By Mr. Green: *Mr. Dixon, do you recall the question?*

Q. That is right, about the mileages.—A. Yes. I have the mileages for all the different routes in Canada and in the United States. Route A in Canada, 626 miles and in the United States 385 miles.

Q. Is that from Pincher Creek?—A. All of the lines in Canada start at Pincher Creek.

Q. You say 626 miles in Canada?—A. Yes 626 miles in Canada and 385 miles in the United States. Route B in Canada 210 miles, and in the United States, 720 miles. Route C for Canada—

Q. 210 miles in Canada and 720 miles in the United States?—A. That is right. And route C in Canada 506 miles and in the United States 507 miles. Route D in Canada 526 miles and in the United States—

Q. 526 miles?—A. Yes. And in the United States, 489 miles. Route E in Canada, 436 miles, and in the United States 584 miles.

Q. Thank you very much.

By Mr. Smith:

Q. Mr. Chairman, for the sake of greater clarity, no matter who builds or operates a pipe line, a gathering system will be necessary?—A. Certainly.

Q. In other words, knowing what we do about reserves, we could not just say that we would use this field. In the first place, you could not finance it unless you have a tremendous reserve in Canada. No one can.—A. Not only that, but you must take the gas where the Alberta government tells you to.

Q. I know. But you have got to get some money before you can build a line. To finance a pipe line the chief thing they rely upon is the amount of reserves so they can project it over a period of years. That is one of the essentials in financing it?—A. Certainly.

Q. So, no matter who builds a line, some one will have to build a gathering system?—A. You could go to just one or two fields which would be sufficient for this line. The necessity for this line is not a large grid system.

Q. Let me put it this way: if you went to the large field, let us say, at Pincher Creek, then you would meet a lot of opposition in Southern Alberta, would you not?—A. Not if you went to Pincher Creek alone.

Q. Yes. You say there are one or two fields and that Pincher Creek is now one of them?—A. You could not operate a line on Pincher Creek, not that it has not sufficient reserves for the line, but it is the wrong type of composition.

Q. You mean that in Alberta you have two types of gas, one being a wet type and the other being a dry or sweet gas?—A. One is on a distillate field.

Yes. And the other is dry.

Q. Pincher Creek is a distillate field?—A. Yes.

Q. But Jumping Pond is too, a lesser degree?—A. That is correct.

Q. Both of them are sulphurous.—A. That is correct.

Q. So that in using any gas from a distillate field you must do two things: You must remove the sulphur and you must wash the gas?—A. That is correct.

Q. And by washing, that means that you wash the sulphur from the gas so that the rotten egg odour, the H^2S is removed?—A. Yes.

Q. The rotten egg odour is withdrawn. Now, in removing the distillate, that is done by an absorption plant?—A. Ordinarily it is, now.

Q. That is the ordinary method; and is there something more?—A. No, but they had cruder methods before.

Q. In other words, Imperial Oil are building a large absorption plant at the Leduc field?—A. But that is a different type of field.

Q. I will be coming to that; that is a crude field?—A. Yes.

Q. Pincher Creek is not a crude field, it is a distillate field, which means that it is a wet gas without any free liquid?—A. No. It has some free liquid.

Q. Or comparatively little free liquid in it?—A. Yes.

Q. And once you get that out, you bring it into a Smith Separator—I must get my name into this somehow; it must come to the surface—you would put it through a Smith Separator.—A. Or other separators.

Mr. Higgins: It would not be as good, though.

By Mr. Smith:

Q. Apparently I cannot get the first prize here but I would like to try for place or show at least. Then you put it through a separator which has a number of baffle plates in it, and by the quick expansion of the gas, they expell the liquid from it. That is the process?—A. Yes.

Q. And then the remaining gas, still carrying some liquid in solution, is taken to the absorption plant and there the remainder of the liquid is removed?—A. That is correct.

Q. So all of these processes must take place before the gas from the distillate field is put into a pipe line for consumption in people's homes?—A. But in this case you must have a sulphur removing plant as well.

Q. And in addition to that you must have a washing plant to wash the sulphur from the gas?—A. Yes.

Q. Sulphur, of course, has now become, probably, an asset to the plant?—A. That is debatable.

Q. But there is a good sale for sulphur, is there not?—A. There may be a good sale for sulphur, but there are only two places where they have successfully removed it on a commercial scale. I think that at Pincher Creek they can remove the sulphur and make money out of it.

Q. And where would the market be for that sulphur?—A. At Trail.

Q. You mean at the plant at Trail?—A. Yes.

Q. But surely Royalite is selling sulphur from the washing plant at Turner Valley?—A. No.

Q. Then what do you do with it?—A. It is burned.

Q. You mean you burn out the sulphur?—A. They extract the H_2S and mix it with air and burn it.

Q. I saw great piles of sulphur lying around their plant. That is not H_2S ?—A. I do not know what they use it for.

Q. Well, it is of no importance, but I have seen great piles of it lying around. I would like to make this plain: in the event of anybody trying to take Alberta gas from Alberta other than from a grid system which in effect would pool all of the gas, would expect great opposition from the city of Calgary and the southern distributing system?—A. You certainly would.

Mr. Goode: This is very important to us. There is so much conversation going on in the room that we cannot hear Mr. Smith and we would like to hear his questions.

By Mr. Smith:

Q. I shall endeavour to raise my voice so, if it becomes a little bit raucous, do not blame me. Put the blame on those who think I should "foghorn" it a little bit, if I might use that expression.

Let me put this to you, Mr. Dixon: the southern Alberta Canadian western or Calgary system, we will call it for brevity today, is in a position where next year, in order to handle a peak load, they will have to shut off certain customers even as soon as next year, 1951?—A. If they should have a severe winter and have to handle a high peak load, they will have to shut off industrial plants first. But they have told me that if they have as severe a winter as last winter, they would have to have 15 million more on peak days.

Q. Yes. And that would have to be shut off from present users, no doubt, in the industrial field?—A. If they cannot get some extra gas.

Q. And their nearest field would be Jumping Pond, then, which is twenty miles or so west?—A. No, forty miles.

Q. Well, the fishing part of Jumping Pond is about twenty miles?—A. That is right, the gas discovered by Shell would be nearly forty miles. That would be their nearest source of supply.

Q. In any quantity?—A. That is correct.

Q. And in the absence of a grid system, some one would have to go in and build that line?—A. That is true.

Q. It is not a large field, is it?—A. Yes, it is a large field.

Q. As compared with Pincher Creek?—A. It is about half the size, let us say.

Q. About half the size?—A. And that is still a large field.

Q. Yes, but I mean as compared with Pincher; it would be 50 per cent or around there?—A. Oh, it may be more.

Q. How many wells have they drilled there?—A. Five.

Q. You say five; and how has the area proven? How far apart are the wells?—A. I think it is about six miles in length, but I am speaking from memory.

Q. Yes; and have you any idea of the width?—A. About a mile.

Q. In other words, it is in the mountainous area where the rock or sand holding the oil or gas is in a narrow area?—A. Yes.

Q. It is the land of the anti-cline, if I may put it that way; it is about 40 miles almost straight west of Calgary; and about how far from Turner Valley?—A. About 60 miles.

Q. About 60 miles north and west of the last extension north of Turner Valley; would that be about right?—A. Yes.

Q. Now, so much for gathering systems. You know there is a company incorporated out there to build a gathering system. They call it the Inter-field?—A. It is called Interfield something or other. I forget what the rest of the title is.

Q. That is Mr. Ray Milner's organization, is it not? At least his name is prominently associated with that development?—A. Let us call it his company.

Q. That is what I meant in the same way that I would call this your company. But no doubt it has got a little help. However, we will leave that. No matter who builds a pipe line, you are of the opinion that we must have a grid system or in other words the creation of a common pool. I want to ask you this: in the event that we are using a lot of gas from the distillate field, such as Pincher Creek, and we are getting from their absorption plants more than the demand of the moment—I mean for example on a warm day or something of that sort—have you in mind storage fields, that is, fields in which you can store the sweet gas for future use? Take Kinsella for example, you could use that?—A. No, I think it would be very foolish. I can speak with great experience on the storage of gas. I know that in the case of the El Paso field there is a 64 billion cubic feet storage capacity. We did the engineering work, and we are still doing work on it for them. That is twice the size of any storage field that has ever been used in the United States. The storage of gas is not the simple and easy thing it would appear to be. And it is expected that if you have to store gas you must add 4 cents to the price.

Now the Kinsella field is an immense field covering a tremendous territory and it is entirely unsuitable as a storage field. It would be like putting it down a rat hole and there it is gone because you do not get it back.

Q. Well, if the field is that size, I would agree with you.—A. The Kinsella field covers hundreds of square miles of continuous gas sand, and putting gas into that field with the expectation of getting it back is just foolishness.

Q. I would think so.—A. That is one field which extends north, south, east and west and no one knows how far. It is an immense thing.

Q. Let us take a field then where they are actually doing it. You know the Bow Island field?—A. Yes.

Q. And you know that Bow Island was exhausted at the time that No. 4 came in in Turner Valley? You know that?—A. It was some little time before that.

Q. I say at the time that No. 4 came in we were gas poor; we had no gas to speak of in Calgary, and you know that since that time the same gas companies have been storing gas from Turner Valley in Bow Island which is at least 100 miles away, or in that neighbourhood, and you know that this has been done and done successfully?—A. Yes, but it is just a little field.

Q. So that is what you had in mind, no doubt, when you said it would be a good thing if a small field were discovered in the State of Washington for storage purposes?—A. Yes.

Q. In other words to give an opportunity to supply the markets which are contiguous to that field?—A. The El Paso line gets about 400 million per day from gasoline plants, such as the one they are building in Leduc, so they are not dependent on any market for gas; they are dependent on the production of oil.

Q. Yes.—A. That would be the same thing in the case of the distillate field, where you get a continuous amount of gas whether you have a place to put it or not; therefore you can only use it to the extent of your minimum requirements unless you store it.

Q. Yes, that is right.—A. And if you can avoid storing it, it is a good thing.

Q. Oh, yes.—A. Except for safety. For example, if you can put gas or other fuel into a line which can be shut off in summer and opened wide in winter, that makes an ideal system.

Q. I agree with you, but what I am saying is that there is nothing inherent in a sweet gas field which makes it impossible to store gas from a distillate field after it has been washed and the distillate removed.—A. No.

Q. There is nothing to stop you?—A. I grant that.

Q. You agree?—A. Well, I have done that very thing.

Q. Yes, that is what they are doing down there now at Bow Island. They are storing the gas from the sweet gas field after it has been dried. Now I turn to something else. Have you got a copy of the map which you filed under paragraph 7 of your application made on the board in Calgary?—A. No.

Q. Perhaps I have got the wrong number. But have you got a plan, or a copy of a plan in connection with paragraph 4 of your application? That is the third paragraph which states that the project of the Northwest Natural Gas Company is to buy gas in the province of Alberta and transport it by pipe line through the Crows' Nest Pass to Trail, Vancouver, Tacoma, Seattle, Spokane, and to intermediate points? Have you got a copy of the plan which was filed at that time?—A. It do not think there was a plan which went with it.

Q. But this is your application, dated in August and which was submitted to the board out there and I wondered if you had filed a plan under paragraph 4?—A. No. I do not think we did.

Q. All right, you have not got such a plan, but I thought you might have it. Now, we had some discussion about northern and southern Alberta, but I think perhaps we were talking at cross purposes. I think you told someone yesterday that you regarded northern Alberta as from a point 50 miles north of Edmonton and north. But we out there think that Edmonton is in the north; and we are accustomed to regard Red Deer and south as being in southern Alberta and Red Deer and north as being in northern Alberta.

Q. The new discoveries of gas are practically all in Edmonton, Leduc and so on, and north of there, with a little bit in Hanna?—A. I do not understand, the new discoveries?

Q. Yes. I mean Leduc to begin with, Redwater and all those places are north of my centre of Alberta, north of Red Deer.—A. It depends upon how many years you are thinking back. The discovery—

Q. Let us take the last three years.—A. No, I think more has been discovered south of that than has been discovered to the north.

Q. South of Red.—A. Yes.

Q. In other words you are thinking of Pincher Creek?—A. Yes. Pincher Creek has been discovered a good deal more than three years.

Q. Jumping Pot was discovered more than three years?—A. Jumping Pot was discovered five years ago.

Q. And Pincher Creek?—A. No, sir.

Q. How far have you gone back? Have you gone back as far as the drilling of the Wainar well in the Pincher Creek area?—A. The first big well found gas there in large volume.

Q. When was that?—A. Three years ago wasn't it? Well, it is two and a half years ago, anyhow, in that field.

Q. Do you believe in the four thousand pounds per square inch pressure they talk about down there?—A. I have seen it.

Q. What is that?—A. I have seen the gauges.

Q. And as a matter of fact they have to get special instruments in order to register it?—A. Enormous pressures, yes, but no greater than in other wells of the same depth.

Q. Well, four thousand pounds is something.—A. It is considerably above four thousand pounds.

Q. You calculate these things through Boyle's Law, do you not, dealing with the pressures of gases and so on? That law still operates doesn't it?—A. Yes, Boyle's Law states the relationship between pressure and volume.

Q. And that is one way you have in estimating the volume which is placed at any particular spot? Now, I want to talk about—I want to assure my good friend, Mr. Maybank, I have made a few little notes in order to shorten my examination today.

Mr. MAYBANK: There is nothing like a little homework.

Mr. SMITH: That is the only way I can handle it.

By Mr. Smith:

Q. Now, you spoke about a line from Peace River to Prince Rupert in the event of large areas being discovered in the Peace River block area. How many years do you think it will be before we have a gas line from Peace River to Prince Rupert?—A. That is anybody's guess.

Q. Will you and I live to see it?—A. I think so.

Q. You are much younger than I am and perhaps your hope is justified for that reason. It is probably for that reason, is it not?—A. You can never tell.

Q. What are they going to do with it?—A. If they find gas up there?

Q. Yes.—A. As I said I think they will develop markets for it towards the west to Prince Rupert.

Q. Along the line?—A. No, they first have to have the market, a big industry.

Q. But taking the Peace River block and Prince Rupert, the development you expect is along that line, is it?—A. No, the only development I hear of there is the aluminum plant which may or may not materialize. They would want their gas at Prince George. That is the one by the coast; no, not Prince George, Prince Rupert.

Q. We will not bother any more about that. All you mean is this, that after this happens, and if that happens, a gas line might be feasible between the Peace River country and Prince Rupert.—A. If they find gas.

Q. If they find industries, then a gas line might—if the volume necessary warranted, then you could have gas?—A. I would like to promote that myself.

Q. What is that?—A. If those two things happen, I would like to try to promote such a line.

Q. And if the aluminum company does not put in a large plant there you would not want to promote it would you?—A. No.

Q. I want just a word or two with you about uniform prices, and I want to be sure that I understand it. In your view, and I think you said in the view of the Power Commission of the United States, you adopt the system of a uniform price to the person using gas along that line irrespective of where they are on the line?—A. In general, yes. There might be some exceptions to that but that in general would be correct. That would be the principle on which we would work.

Q. I mean you adopt that as a good principle?—A. I think it is an excellent principle.

Q. In other words you make no allowance in that for distance of carriage?—A. Well, you can hardly say that. The price does not depend upon the distances carried. The distant market has to bear its cost of the whole project. The nearby markets could not be served without the more distant markets. That is the principle that is applied in so many cases. There can be differences of opinion on it, just like the railroad rates do not always seem to work on the principle of distance.

Q. Telephone rates, railway passenger rates—not railway freight rates. I nearly went too far there—all those rates increase with the mileage used by the commodity or the person doing the travelling?—A. Well, you are covering too much territory. Freight rates do not, and telephone rates do only to a limited extent.

Q. In Canada? You try to telephone Winnipeg and then try to telephone Vancouver. Perhaps Vancouver might be a good place to telephone to; I suppose you have some friends there. When you come to pay for your telephone call you will soon see that there is a difference in the price you pay.—A. It is not proportional to the distance by any means though.

Q. What is it based on?—A. I wish I knew.

Q. I wish I knew what they were based on. At least I wish I knew what freight rates were based on. I have spent forty years trying to find out what they are based on and I have not succeeded yet. Now, in any event, you are of the opinion that a person in Portland, Oregon, should pay the same rates for gas as a person in Kingsgate, British Columbia?—A. Spokane, that is making it two big cities, and that is really nearer Kingsgate.

Q. All right. What I am coming at is this: your idea is that there is no advantage in living or doing your business near the source of supply?—A. Well, if you are very close, that is a different matter, such as at Calgary or Edmonton, but when you are at a considerable distance away and a large line has to be built to supply the whole series of places, I think each consumer should share their proportion of cost of the whole enterprise.

Q. I am coming to that. You said that in your view there was very little to be expected by way of development along a pipe line in the wide open spaces, let us say, along the pipe line?—A. You have expressed it exactly correct.

Q. And I suppose that would continue to be so if the persons using the product, the gas, or are engaged in industry which uses it, pay the same price a thousand miles away from the source as if you were fifty miles away from it. You have the answer to your story right there, have you not?—A. Well, you are making it too extreme.

Q. Well then, let us go as far as Jasper Park. That is about two hundred miles away?—A. Two hundred and forty miles.

Q. All right, so that I suggest what I have said to you gives the complete answer to your statement of a moment ago. Now, I am going to give you another one. We will take the city of Medicine Hat in Alberta. You are familiar with that place; it was our first discovery of gas, and our first user of gas in that province. Now, you also said that gas was an apt fuel for the manufacture of ceramics. Am I right that ceramics means the manufacturing of clay products?—A. Anything made of clay.

Q. Clay products, such as bricks? Well now, speaking about industry being attracted to gas. In Medicine Hat, as you know, we have some pottery companies, which is a ceramic industry, which are quite large, I mean having regard to our country they are quite large affairs. Medicine Hat Potteries is one. Now the clay which is used there comes from the province of Saskatchewan, so I am giving you a good example of an industry where they import their raw products from Saskatchewan just because the gas was at Medicine Hat.—A. As I already said ceramics is one of the several industries that are attracted to gas.

Q. What about glass?—A. Glass is also in that category but not quite so much as ceramics.

Q. Then let us take the Ogilvy Flour Mills, if you will, which are in Medicine Hat, located there of course because they had gas, or do you know that? Everybody in Medicine Hat has his own gas line in his own back yard, as somebody remarked.—A. That illustrates exactly what I have been trying to say.

Q. But industry has come to the gas and has even brought its main raw product, which is clay, from another province. Now, were you suggesting the fact that the gas there would not affect that?—A. No, I stated in my testimony that certain industries are attracted to it in the same way that if there was cheap coal an industry might be attracted to that place where the coal is.

Q. Certainly, but the fuel cannot only be reckoned as a percentage cost in the manufacture or fabrication of the product. Gas must be taken into account in any place where there are industries, because they have come to and been attracted by gas.—A. But to a very limited extent.

Q. Well, I have given you a couple of examples. Greenhouses are another.—A. Medicine Hat had free gas for a while for industries locating there, so I am told.

Q. I think they charged a cent a thousand cubic feet. I do not think it was ever free. I remember when they burned it in their street lamps all day because it was cheaper to leave it burning than it was to turn it off. There is no question about that. I have seen it for years and years. Now, I leave the matter of industry because I see we are approaching the zero hour which, of course, our vice-chairman knows nothing about. Now, about population. I assume you, like all other persons, have made population studies of these markets?—A. Yes.

Q. I want to come back to something and this is the only time I am referring to anything referred to by anybody else. How many services do you contemplate in Vancouver?—A. I have not got the figures with me. We took those figures from the British Columbia Electric Company.

Q. Do you know how many services they have now?—A. I cannot remember.

Q. They have plants there manufacturing gas in Vancouver, that is the gas they are presently using, and, incidentally, let me get another boost in here for Alberta: the manufactured gas does not even compare with the B.T.U.'s contained in the natural gas we are all talking about here.—A. Just half.

Q. Just half, yes, and we had some discussion with respect to coal. Now, on a comparative basis, comparing natural gas with any other fuel, the comparison can only be made on the basis of the B.T.U. content in the fuel, that is to say, British thermal units?—A. No, there can be other comparisons, natural gas having great advantages in addition, in many cases, over and above its B.T.U. value.

Q. I mean being able to move it about and so on, and the cleanliness.—A. And you can control the heat and various other things.

Q. But I mean for the creation of heat, insofar as using it by way of heating. The comparison I am referring to is the comparison by B.T.U.'s, comparing it with coal or sawdust or any other fuel?—A. Yes.

Q. I want to come back to see if you can give me some idea of the number of gas services you contemplate in British Columbia, and greater Vancouver, because it strikes me that eleven and a half billion, using the minimum of three billion at Trail, is so strikingly small. You are contemplating sending into greater Vancouver less gas than is used today domestically only in the city of Calgary. Do you realize that?—A. Yes.

Q. Do you not think the British Columbia Electric Company had better get out and sell some gas if your project is going to get anywhere?—A. I figure they will and we are figuring on an ultimate load a great deal more than that. We were taking the figures from the British Columbia Electric Company.

Q. Is that the figure at the end of five years? I mean you figure those things in five year periods do you not?—A. Yes.

Q. But the services that you have now considered are the services at the present time in British Columbia?—A. No, this is based on additions that will come in when natural gas comes into Vancouver.

Q. You did not care much about that area, with the huge area of Vancouver where, I think, the population was 500,000 in the census a month ago. Would you say they would take less gas than the little city of Calgary from which I come?—A. They use a lot of gas on a cold day in Calgary, and the houses are heated with gas.

Q. We have got a saturation point.—A. You have a rate of saturation and a cold climate.

Q. I give you my word it was cold this past winter. I was home for six weeks and it was below zero the whole time. But then I went to Vancouver and was stalled there for two weeks because it was so cold and there was so much snow you could not move a train or anything out of there.

Mr. MURRAY: They were short of fuel.

By Mr. Smith:

Q. Canada's evergreen playground! I could not go to Vancouver Island as someone has just suggested because the blizzard was blowing so hard it blew you straight back to the mainland. You could not get ashore. Now, do you not think you are rather low on that usage out there?—A. I think it is low in ultimate consumption, yes.

Q. Now, what division do you contemplate as between domestic and industrial use, what percentage?—A. It varies from place to place. We were taking the division as made by the local company.

Q. And have you got that? A. We have it but I have not got it right here.

Q. In other words, you expect your industrial load to be bigger than your domestic load, do you not?—A. In some places. I do not think that will be so at all in Vancouver; it is practically domestic.

Q. Well, I will leave that with you because I do not want to take up all of this little bit of time given to us this morning through the goodness of the government, so I close by asking you one simple question: Insofar as gas in Alberta is concerned, you do not own any?—A. No, sir.

Q. And you have not drilled one oil or gas well in the area from which you intend to take your gas, yourself or your associates?—A. Oh, that is not true. Some of our associates have done so.

Q. Who have?—A. Well, Mr. Arthur Newburn, Moyer, Smith, Carr, Spencer, Howard, Fawn, Erie Harvey.

Q. Have you got Harvey?—A. I say he has been working with us.

Q. I see. Is he one of the persons who have put up money for the preliminary—oh, never mind, do not answer that. He can well afford it, I can tell you that.—A. He can afford it.

Q. But your position is this, and I am not saying this in any disparaging manner, you are here purely as a promoter. I do not mean that in any sneering sense. That is your business, is it not?—A. That is my business, the building of gas pipe lines is my occupation.

Q. Seeking to build a gas line, and as far as this one is concerned, you are a promoter—it is not offensive, but that is your position.—A. That is my personal position.

Q. Thank you very much.

By Mr. Adamson:

Q. Mr. Chairman, I wanted to ask two or three very short questions with regard to markets, for some time. Mr. Dixon has told us that the total consumption estimated for the United States is 63½ billion cubic feet per annum—I assume that is the yardstick on which your estimates are made—and in Canada it is 11½ billion cubic feet per year, approximately 11.5 billion cubic feet, if the lesser consumption at Trail is taken into account. Now, could you tell us the estimated consumption at Spokane, Seattle, Portland and Vancouver?—A. Spokane 3.7 billion; Seattle 14 billion.

Q. Seattle 14 million or billion?—A. Billion. And Portland 23 billion.

Q. And what in Vancouver?—A. About 8 billion.

Q. About 8 billion in Vancouver. Now, could you tell us—the question is on the alternative route, the one between Trail and Aldergrove—have you any estimate of the gas you would sell in that district?—A. It will be practically none.

Q. Practically none. These figures have been published so there is no secret about it: the atomic energy plant would, with Trail, take more than the total in Vancouver so that you would estimate the atomic energy plant would take in the neighbourhood of about 8 billion cubic feet. I am not asking you to say yes or no, but it is arrived at from the interpretation of the figures, and I say they have been published and they are not confidential. Now, route "B" is the only route which takes care of the atomic energy plant. All the other routes leave it out, as I see it, and all the routes take care of both Spokane and the other major cities. The only difference between the routes is the servicing of the atomic energy plant, which is a major market, at Hanford?—A. Yes, sir.

Q. That is correct? And I see the advantage, therefore, apart from your easier construction would be the atomic energy plant at Hanford?—A. That is correct.

Q. That is information I wanted to bring out, and I say I am not asking you to say what your estimate is because I know you are not supposed to say that, but from the evidence it is obvious that it is a very extensive market.

Well, now Mr. Dixon, just one question about transformers. Transformers are what percentage of your total cost?—A. Transformers?

Q. Your compressors, rather?—A. I cannot give you an immediate percentage. On route "A" the transformers, in round numbers are fourteen million. I should say the compressors rather, are fourteen million dollars and the construction is sixty-four million.

By Mr. Smith:

Q. Is that without the advance in steel prices?—A. This is with the advance in steel prices. In route "B" the compressors are approximately twelve million dollars and the cost of other construction is about fifty million.

By Mr. Adamson:

Q. Presumably those compressors would be manufactured by Canadian Ingersoll Rand?—A. We have been negotiating with Cooper, Bessemer and Vickers. Vickers are negotiating for the right to build the Cooper-Bessemer compressors.

Q. And they would be Canadian made?—A. Yes.

Q. Just one other question: you would, of course register with the Securities Exchange Commission?—A. Naturally.

Q. Naturally you would register with the Securities Exchange Commission and you would be controlled, naturally, as far as gas coming into the United States is concerned by the Federal Power Commission?—A. Yes.

Q. And they have the power to prevent the export of gas if they deemed it necessary, if there was an emergency? I do not say they would, but they have the power to do so.—A. I do not think they have. It takes a presidential decree to either export or import, that is a control outside of the Federal Power Commission. The export or import must be by presidential decree, but I think that is worked through the Federal Power Commission. I am not sure really how that works. I have been working on a line going to Mexico and I recollect it is a presidential decree that they get.

Q. But there really is in fact some departmental official who gives the ruling, because I know the Federal Power Commission did prohibit coal cars from coming into Canada two years ago, and that was just an order of some colonel in Washington who just said there should be no coal cars coming into Canada, and

I am saying the same thing could happen in connection with the re-export of gas.—A. There was never a case of a coal car leaving Canada and then being stopped from getting back into Canada.

Mr. MAYBANK: Like a Canadian Pacific coal car.

The WITNESS: Referring to the product itself, have you ever heard of a case where the product, which is coming out of Canada, was interfered with in any way from getting back into Canada again.

By Mr. Smith:

Q. These cars, which were Canadian cars, were refused re-entry at that time, but I am just asking you about the powers of the Federal Power Commission. I assume they could stop re-export of gas, even irrespective of the country of origin?—A. Well, if that happened, I think Canada would stop it at the other end, so there would not be any gas for anybody.

Q. I realize it is an academic question but it is a thing that could happen. That is all.

By Mr. Herridge:

Q. I would just like to ask Mr. Dixon one short question in connection with the supply of gas. I asked Mr. Dixon if his company was willing to sell gas to the city of Nelson and he replied yes, but I did not hear the answer.—A. My answer is yes.

Q. I was told afterwards that Mr. Dixon said yes, they had a contract with the British Columbia Electric.—A. All we had were some conversations.

Q. Would your company be willing to make a contract with the corporation of Nelson if they desired?—A. Certainly.

By Mr. Pearkes:

Q. I am neither a lawyer nor a gas expert but as a potential consumer smitten by a shortage of gas could you give me some information regarding the pressure that will be maintained on your line at a point which the consumers would be concerned about. Will you be able to have a uniform pressure at all points throughout your system?—A. The pressure starts at seven hundred and fifty pounds per square inch as it leaves the compressor and then drops progressively as it is going towards the end of the line. Our calculated pressure is one hundred pounds at the city gate. They do not want it at any higher pressure than that. That is the highest pressure that the city wants the gas at. You then get the gas in your own main at a pressure of a few ounces.

Q. The longer the line the less the pressure?—A. It depends on how far it is from the compressor station. The pressure drops between compressor stations and then starts up again.

Q. Would the pressure be the same at Trail, Portland and Vancouver?—A. It will be the same when it reaches the city gate. It is calculated to be so. The pressures are designed to do that.

Q. And it does not make any difference how many compressor plants or distributing systems there are?—A. No, the compressors will be adjusted to take care of that.

Q. It makes no difference regarding the question of weather? Whether it is cold or hot you will still be able to maintain that pressure?

The VICE-CHAIRMAN: It is twelve o'clock.

By Mr. Jones:

Q. Yesterday, you mentioned that you would not be prepared to serve the Okanagan valley from one of your routes. Suppose the consumers of that area formed a company, would you sell in bulk to them? Would your company be willing to co-operate?—A. Yes.

Q. So your statement is you are not prepared to build a line to the Okanagan valley but you would sell in bulk?—A. Certainly.

Q. That is provided it is an all-Canadian route. You would not go in there if it was not an all-Canadian route?—A. It would have to come up from another direction but it looks like as if it could not be done except on an all-Canadian route.

Q. But you would encourage such a development if they approached you?—A. Certainly.

Mr. HIGGINS: Mr. Chairman, I have only one question. I will explain it so there will be no misunderstanding. Last evening I was asking Mr. Dixon with respect to the existence of the Federal Power Commission or whatever authorities there would be on the serving of the United States end. At the time I did not have the transcription of the evidence. Arising out of Mr. Green's question, I have the record here this morning, and I would like to read that part of the question dealing with this particular point and have Mr. Dixon's opinion on it again.

Mr. GOODE: On a point of order. We decided last night on a vote taken that we would stop taking evidence at twelve o'clock.

The VICE-CHAIRMAN: I have just given him one minute, Mr. Goode.

Mr. HIGGINS: This point is so very important, this question of supply. I am just going to read from the actual transcription. This is the question.

Some Hon. MEMBERS: Order, order,—

Mr. HIGGINS: Mr. Green asked the following question yesterday and you answered:

Q. Nobody on this committee is objecting to building the main line to serve Canada and to have the surplus carried off to the States?—

A. It will have to be more than that.

Q. How do you mean it will have to be more than that?—A. There will have to be an agreement that the States will be served.

Q. That the States will be served?—A. Yes and we can trust to that agreement.

Q. Well, will there have to be an agreement that the States will have to be served before Canada?

And this is the point I am getting at.

A. I do not know about that; that would be something that would have to be determined.

Now, further on the question then says on the same point.

Q. You did not get my question. You were asked a similar question in the Senate committee: "Would it be possible for this line to run through American territory but not to serve American points until Canadian points are served."—and your answer was: "No, that would be utterly impossible".

By Mr. Higgins:

Q. What is your answer to this question now? Mr. Green put your evidence in the Senate to you, and that was the answer he read to you.—

A. Well, you cannot bring gas along such a route "B", bring it back up to Canada, and then have another line going down from there duplicating the two lines.

Q. The only question I put to you arising out of that is this: is the situation just as it exists, that if these lines are going to be mainly built through the United States, that then the United States would have the first say as to where the gas went, is that the position?—A. No.

Q. Well, that is a direct contradiction of what you said?—A. No, not at all.

Q. Will you explain why it is not?—A. Because there would be an agreement made that the Canadian needs would be served. What I was trying to say is you would have to have an agreement that the United States needs would also be served with the gas that was remaining after the Canadian needs were served.

Q. But would it not be that the United States needs would have to be served first, because that is what you said?—A. That is not what I said.

Q. May I read it once more?

Some Hon. MEMBERS: No, no. Order.

By Mr. Higgins:

Q. Only on that one question. I will sit down but there is no need to be nasty about it.

Mr. MAYBANK: Sit down pleasantly.

Mr. HODGSON: I move we stay on evidence for another half hour.

The VICE-CHAIRMAN: Now, we will work through the bill.

Mr. MAYBANK: I take it the evidence is on the preamble.

The VICE-CHAIRMAN: Shall the preamble carry?

Carried.

The VICE-CHAIRMAN: Section No. 1. Order, please.

Any questions on section No. 1.

Mr. SMITH: I want to ask a question about procedure if I may. Now, we have been stopped asking questions at twelve o'clock.

Mr. LAFONTAINE: That was agreed to last night.

Mr. SMITH: Are we also precluded from asking questions of anyone who is here with respect to the various sections?

The VICE-CHAIRMAN: I think you are entitled to ask questions on the sections.

Mr. ROBINSON: I could not hear what you said, Mr. Chairman.

The VICE-CHAIRMAN: You are entitled to ask questions on the sections.

Section 1.

Mr. SMITH: I want to ask a question with respect to Section 1, and that is whether or not these people who are mentioned in the bill are contributors to the preliminary expense of the undertaking?

Mr. LAFONTAINE: That was answered yesterday.

Mr. CONNOLLY: They are all contributors, Mr. Smith.

The VICE-CHAIRMAN: Section 1 carried?

Carried.

Mr. FERGUSON: I would like to ask a question. Is Austin Taylor on the Board of the British Columbia Electric Company?

Some Hon. MEMBERS: No.

Mr. FERGUSON: Is Mr. MacMillan on the Board of the British Columbia Electric Company?

Some Hon. MEMBERS: No.

Mr. FERGUSON: How many witnesses and chairmen are there in this meeting?

The VICE-CHAIRMAN: We are on section 2.

Mr. SMITH: I want to ask a simple question about section 2. The section reads:

The persons named in section one of this Act shall be the first directors of the company.

How many directors does your incorporation provide for other than those?

Mr. CONNOLLY: None, Mr. Smith.

Mr. SMITH: Then, you are in the position of having permanent directors who are the persons named here. You cannot change it, can you? You are a lawyer?

Mr. CONNOLLY: That is true, that is true.

Mr. SMITH: So from now on until a new statute is passed in this Parliament these gentlemen living or dead are the permanent directors of this company.

Mr. CONNOLLY: No, Mr. Smith, the shareholders meeting of course will elect the directors annually.

Mr. SMITH: Well, your answer to me a moment ago was, I gather, an error.

Mr. CONNOLLY: No, these will be the first directors of the company and they will remain in office until they are changed.

Mr. SMITH: Then, no doubt, there is something in your bill which provides for that.

Mr. CONNOLLY: Oh, yes.

Mr. SMITH: Where is it?

Mr. CONNOLLY: Perhaps you might say this, sir, that the general law that governs companies as provided in Part III of the Canadian Companies Act, provides for that.

The VICE-CHAIRMAN: Shall section 2 carry?

Mr. GREEN: Is it the intention that these incorporators are to be the regular directors of the company or are there to be some changes?

Mr. CONNOLLY: As I am advised Mr. Green, these will be the original directors of the company. How long they will remain in office will depend upon the shareholders' meeting which will be held annually.

Mr. GREEN: There is no intention in making any change in the near future.

The VICE-CHAIRMAN: Shall section 2 carry?

Carried.

We are now on section 3.

Mr. ADAMSON: I would like to ask a question on section 3. The Securities Exchange Commission will unquestionably have the say on the formation of the company as to the type of capital stock. It seems to me you are limiting yourselves to one class of stock of \$12½ million par value. Does that or does that not preclude you from issuing prior securities such as bonds?

Mr. CONNOLLY: No.

Mr. ADAMSON: You can issue bonds above and beyond this amount or you can issue units of bonds and common stock as well?

Mr. CONNOLLY: Bonds and debentures can be issued in the same way as any mortgage security is issued for the purpose of financing the undertaking. They would be in the nature of debt securities.

Mr. GREEN: What are the plans for the issuing of stock? How much do you intend to issue in the near future?

Mr. CONNOLLY: Well, I think, generally speaking, the answer to that would be this, Mr. Green: on route "A" about \$54 million to \$55 million of debt securities for preferred stock would be issued, probably mortgage bonds, and the balance of money required would be through the sale of common stock. The balance of some \$12 million would be through the sale of common stock.

Mr. GREEN: Your plan is to put all of the common stock on the market in the future?

Mr. CONNOLLY: No, I do not think so. I do not think there is any definite plan as to how it is to be done.

Mr. GREEN: You are planning an issue of \$55 million in bonds?

Mr. CONNOLLY: Up to \$55 million in bonds and \$12 million in stock. Just when it is to be issued or how soon it is to come on to the market will depend on developments.

Mr. GREEN: You are not planning to issue any preferred shares?

Mr. CONNOLLY: At the moment, there is no definite plan about issuing preferred shares.

Mr. GREEN: You are not taking the power to do that in the bill?

Mr. CONNOLLY: It is not specifically set out in the bill but as you come to a further section you will see that there is a provision under the Companies Act, which is applicable to us, whereby preferred shares can be issued if required.

Mr. GREEN: What percentage of the company stock is to be held by the people who are associated in this company?

Mr. CONNOLLY: The intention of the people behind the company is to sell the common stock both in the United States and in Canada. Let me say, first, as to the percentages I think there is no specific plan laid down as yet.

Mr. GREEN: How much is to be held by the people associated in the undertaking?

Mr. CONNOLLY: Mr. Dixon says it is impossible to determine. There is no intention of shutting out the public as potential buyers of the common stock or of the bonds.

Mr. GREEN: You cannot say what the intention is with regard to these common shares, as to what proportion is to be held by the people associated in the incorporation?

Mr. CONNOLLY: Ultimately, I suppose every purchaser of common stock will be associated in the enterprise. You mean the people who are now in it? There has been no determination of that point.

Mr. FERGUSON: \$55 million of bonds or ordinary stock will be issued, and the common stock to be sold will be in the total amount of \$12 million?

Mr. CONNOLLY: Yes.

Mr. FERGUSON: That is roughly \$67 million?

Mr. CONNOLLY: Yes.

Mr. FERGUSON: That is the money you believe you will require for this project?

Mr. CONNOLLY: Yes, for the line in Canada.

Mr. FERGUSON: Are you issuing a different type of security in the United States for that part of the line?

Mr. CONNOLLY: No, I think the securities to be issued in the United States will be the same type of securities that will be issued in Canada. Of course, there is this to be said, the Foreign Exchange Control Board may have a good deal to say about the plan of financing, and so will the Securities Exchange Commission and all of the authorities under the Blue Sky laws.

Mr. FERGUSON: The Securities Exchange Commission will want to know how many shares will be received by the owners? Will we get that information here?

Mr. CONNOLLY: None have been issued.

Mr. FERGUSON: The Securities Exchange Commission will ask the question and they will make you reply or you will not sell any stock.

Mr. CONNOLLY: They will have issued to them what they buy.

Mr. FERGUSON: And they will also have issued to them what they will get as promotional stock?

Mr. CONNOLLY: I am informed that we do not believe there will be any stock issued as promotional stock.

Mr. FERGUSON: The balance of this financing will be with American securities?

Mr. CONNOLLY: Yes, for the section of the work to be done in the United States.

Mr. FERGUSON: There will probably be four different types of securities?

Mr. CONNOLLY: Well, just how many different types of securities I think has not yet been determined but generally speaking there will be common stock available and there will be bonds.

Mr. FERGUSON: Have you any idea of the amounts of bonds and stocks that will be sold in the United States?

Mr. CONNOLLY: Again, it depends upon what route is to be built. I am talking now about the Canadian route, that is on route "A" there would be about \$20 million to \$22 million that would have to be financed from American sources.

Mr. FERGUSON: Well, if they had a stock set up they would not necessarily sell all the stock. Surely they have a plan of stock set up at the present time for the entire stock issue for alternative routes?

Mr. CONNOLLY: My instructions are that there is no definite final plan for the financing. Times change and Conditions change, and there is a great deal to be done before they get to the point where they can determine it.

Mr. FERGUSON: But we are passing this charter, as far as Canada is concerned, for its operations exclusively in Canada. Is there any company that will be set up in the United States that will in turn control this company?

Mr. CONNOLLY: The Northwest Natural Gas Company will be the company that will do the operating in the United States. Either the Northwest Company will be a subsidiary of Alberta Natural Gas, or Alberta Natural Gas will be a subsidiary of Northwest, and it is not yet determined what is the best arrangement to be made in that respect.

Mr. CARROLL: Nobody can be in control of this company unless they have a majority of the common stock.

Mr. FERGUSON: The S. E. C. will ascertain who controls this company, who the subsidiary companies are going to be, before they will be permitted to sell one dime of stock even with an Indian's head on it.

Mr. CONNOLLY: That is quite right, sir.

Mr. FERGUSON: They will want to know who is in control of charters in the United States, we should know who controls this company and who has control of this charter.

Mr. RILEY: What company are you talking about?

Mr. FERGUSON: I am making a reference to all companies.

Mr. RILEY: There is not any company and you should know that.

Mr. FERGUSON: We are asked to grant a charter with a certain board of directors and that board of directors will not have very much to say if they are under the control of an American corporation any more than any subsidiary board of directors. This is your Canada and this is your birthright. I am trying to find out who is going to control this corporation.

Mr. CARROLL: You cannot find that out until the common stock is sold.

Mr. FERGUSON: Well, the Securities Exchange Commission will know who controls this company and what stock is going to be sold and I will venture to say that these men who are promoting this project know it right now in their mind.

Mr. CONNOLLY: That is not so, sir, they do not.

Mr. FERGUSON: Well, they are now going to start to form a control over another company and decide which company is going to control the other, and we are saying here is a charter: do what you like with it. Now, there is no doubt about that, gentlemen.

Mr. SMITH: I want to know—if you do not want to tell me that is fine—where they anticipate control of this company will ultimately rest? Let me agree with Mr. Carroll that it will rest with the shareholders, but we are not here all so simple that we do not know that some companies control other companies by stock holdings. Now, where is it anticipated—I use no stronger word—where is it anticipated that control of this company is going to rest? Will it be with a Delaware corporation?

Mr. CONNOLLY: The Northwest?

Mr. SMITH: A company incorporated in the State of Delaware. Is it with that one or will it be in this one here? There are many ways of getting rid of stock other than for cash. You can issue stock for services, you can issue it for properties or anything of that kind. Where does Mr. Dixon anticipate control of this company will ultimately rest?

Mr. CONNOLLY: Well, Mr. Smith, I do not want to interfere with your question to Mr. Dixon.

Mr. SMITH: I beg your pardon.

Mr. CONNOLLY: Perhaps Mr. Dixon should step in now and have something to say about where control of the company will rest. As Mr. Carroll said, it will be wherever the majority of the stock is sold. Now, if it is purchased by Northwest, then that would be where the control is, but as I said, and as Mr. Dixon has said, the intention is to sell the securities of this company on the American and on the Canadian market. I think perhaps it might be a fair assumption to make, that all the money required for this project may not be able to be secured from Canadian sources.

Mr. SMITH: I think you are right on that.

Mr. CONNOLLY: So there will certainly be some American money that will have to find its way into this company. It will depend on how much Canadian money is available. May I say this to you, sir, there is no intention at the moment of channelling any specific amount of stocks in any specific direction?

Mr. SMITH: May I ask you this? Let us take a concrete illustration, because this is the way companies are operated. In selling your preferred securities, be they bonds or preferred shares, do you intend to give a bonus of common stock? In other words, let us assume that your chief backer, which is Morgan, Stanley & Co., agreed to put up so much money. Now, Morgan, Stanley are not going to put up the major portion of the money unless they have control of the operation. That can be done in various ways. It can be done by giving Morgan, Stanley a bonus of common shares or it can be done by Morgan, Stanley purchasing a block of common shares. I use Morgan, Stanley's name merely because they are mentioned in the application. I would like to ask where do the promoters, who are before us, anticipate the control of the company will come to rest?

Mr. DIXON: Well, I can say this, that I know the last thing in the world the bankers want is control.

Mr. SMITH: What do you regard as control in a company this size, 30 per cent stock ownership?

Mr. DIXON: Well, it can be practically nothing in one company. A large gas company that you know very well is absolutely controlled by a man who has no interest whatever in it.

Mr. SMITH: There are ways of doing it.

Mr. DIXON: That is an extreme example. It may be in a company where there is a fight for control 50 per cent will not control the company.

Mr. SMITH: Very rarely.

Mr. DIXON: And although I do not expect to have but a small amount of stock I hope to keep control.

Mr. GOODE: I am convinced in my own mind that the control of this company financially will be in the United States. I have no doubt of that. But is there any difference between your financing and any others? Where is the financing to be accomplished for the Westcoast Transmission Company? Is that to be done in the United States, too?

Mr. DIXON: The Westcoast, I do not know, I have no idea.

Mr. GOODE: Mr. Connolly, could you answer that?

Mr. SMITH: I can answer it if you will take my answer.

Mr. HIGGINS: I take it in accordance with the usual practice in a big corporation of this type that before you can get into the business that you must have some definite commitments with people who are going to take up stock in this company. That is the usual procedure. Do you already have very large commitments to take up stock in the company?

Mr. DIXON: No, we have no commitments.

Mr. HIGGINS: None at all of any kind?

Mr. DIXON: Except the bankers saying that they will underwrite the securities.

Mr. HIGGINS: But how large an amount will the bankers underwrite?

Mr. DIXON: All of them.

Mr. HIGGINS: The entire issue of stock will be underwritten by the bankers?

Mr. DIXON: Yes.

Mr. FERGUSON: You have already stated that the bankers have agreed to take up the entire financing.

Mr. DIXON: This is underwriting; that does not mean they buy it for themselves.

Mr. FERGUSON: They buy it for themselves or their clients. This group of brokers in Canada and the United States—

Mr. DIXON: They make an agreement to buy and try to sell it before they get it.

Mr. FERGUSON: Oh, yes, they might even have it sold now to their clients, but they do not negotiate with their clients, or make guarantees, not the brokers on this list, unless they have had some idea of the class of stocks that are going to be issued. Now, have you had any discussion divulging to these bankers the classes of stocks that are going to be issued, the amount of stock to be issued in the American company?

Mr. DIXON: We had discussions, yes.

Mr. FERGUSON: Did you arrive at any figures?

Mr. DIXON: Well, I can give percentages.

Mr. FERGUSON: What percentage of the first securities?

Mr. DIXON: Bonds? I have already testified in regard to that.

Mr. FERGUSON: No, that is in Canada as far as I can remember. Now, the American company?

Mr. DIXON: This will be the same thing exactly in our plans.

Mr. FERGUSON: What amount, tentatively, of first securities will be issued for the American company?

Mr. DIXON: About 75 per cent of bonds.

Mr. FERGUSON: In value about \$75 million?

Mr. DIXON: 75 per cent of the total amount of money that will be taken in. We hope we will be able to sell mortgage bonds.

Mr. FERGUSON: And have you any idea of what the value of those mortgage bonds will be?

Mr. DIXON: \$1,000 units.

Mr. FERGUSON: \$75 million, is that right?

Mr. DIXON: You are covering too much territory. There are so many things that are not now determined as to what company will own what interest in the other.

Mr. FERGUSON: You are not perturbed. You are going to issue \$55 million and \$12 million to build the Canadian part of the line?

Mr. DIXON: Well, it depends upon how much mileage is to be built.

Mr. FERGUSON: Well, take route "B", for instance. How much securities will be issued for route "B" in Canada?

Mr. DIXON: I cannot say, that is impossible to determine now. It will depend on the money market.

Mr. FERGUSON: Gentlemen, we are granting a charter with no capital set-up, I think. It is not determined which route will be followed. Is that correct? I am asking the witness if that is correct? We are giving you a carte blanche charter, a blank cheque with no set-up of the securities to be sold or the framework of this company. What is the stock set-up of this company that is asking for a charter?

Mr. ROONEY: Do you not think he has already answered that right here? I say he has.

The VICE-CHAIRMAN: Order.

Mr. FERGUSON: Mr. Dixon, will the securities to be issued depend on the route?

Mr. DIXON: It will be certainly a year before any securities can be issued on this.

Mr. FERGUSON: Issued? What is the set-up?

Mr. DIXON: I have not this set-up, it is impossible for us to know now how a hundred million dollars in three companies can be gotten together most advantageously. We just cannot see that far into the future.

Mr. FERGUSON: I am quite positive if I was setting up a company I would have so many primary securities and so many secondary securities that I would utilize to finance my project. I would know the amount of securities that I might require from the treasury, because in the treasury there are so many shares or so many bonds. This company must have a stock set-up.

Mr. DIXON: You are wrong. We have no stock set-up at all.

Mr. CONNOLLY: Perhaps this might help. There are three branches to this project. There is a branch that has to do with the building of the grid system and a branch that has to do with the building of the main pipe line, one part of which is in Canada and the other part of which is in the United States. This company is asking for capital stock of 1,250,000 shares of a par value of \$10 per share.

Mr. FERGUSON: Do you consider that the 1½ million shares are adequate for the project?

Mr. CONNOLLY: Yes.

Mr. FERGUSON: That will only give you about \$12 million.

Mr. CONNOLLY: Perhaps, if I might just finish.

Mr. CARROLL: I do not think we should allow ourselves to get mixed up between the capital stock of the Company and the bonded issue, the preferred stock and debenture stock.

Mr. ROONEY: May I ask a question?

Mr. CONNOLLY: Perhaps if I may say this: The underwriters have formally agreed to find the money that is required. They will find it by selling common stock or they will sell bonds or debentures as the case may be. If it is decided that route "A" will be built the money that will be required to build route "A" will be in the neighbourhood of some \$66 million. That will be financed by selling securities to the public not only in the United States but in Canada. I think from what we showed yesterday by the letters from the various brokers and bankers in Canada that there will be ample opportunity for the public in Canada to participate in this very desirable type of investment. They will get some \$54 million to \$55 million in bonds or debentures and from the sale of stocks they expect to pick up another \$13 million. Now, the plans, as Mr. Dixon has said, has not yet been formulated and I think, from what Mr. Dixon has said, at the moment it cannot be formulated. But that is the general plan. I would not want the committee to feel, and I do not think that any member of the committee feels, that we are trying to hide behind anything when we say that. I think what we are trying to do is to give you everything we have at the moment on what the plans are as we have them. There does not seem to be anything more that I can say.

Mr. HERRIDGE: Mr. Connolly, just to clear up a point in my mind, Mr. Ferguson asked you the amount of common stock or other securities to be sold to build route A and I think you said the total was about \$66,000,000? On the plan, however, it is stated that the cost would be \$79,000,000?

Mr. CONNOLLY: Yes, but there is this difference. A part of route "A" is to be built in the United States—I am talking about route A. There is a good deal of the line that has to be built in the United States and I am talking only of the portion that has to be built in Canada.

Mr. ROONEY: The chances are that you will issue your bond debenture bearing bonds to \$54,000,000 or \$55,000,000. You will endeavour, if possible, I would think, to keep those bonds down as low as possible on account of the fact that they will cover a mortgage on the whole equipment and that is a carrying charge that has to be looked after every year—that is an interest charge.

Mr. CONNOLLY: That is right.

Mr. ROONEY: You will endeavour, on the other hand, to sell as much common stock as possible because you have not got any set charges on that. In my opinion that is the ordinary set-up of big companies. I have had some experience in these matters and I have known of Mr. Dixon for some twenty years. To me this is just ordinary procedure.

Mr. SMITH: In response to that may I say that I disagree with you entirely on the first statement you made—that is for all this common stock. If you are right, in an enterprise costing \$70,000,000 why should they only issue \$12,000,000 worth of common stock—which would be the answer to everything you have said.

Mr. ROONEY: I understand from the explanation given by Mr. Connolly that to make up the difference of the cost in the United States there would be a different set-up.

Mr. FERGUSON: Can you say, Mr. Connolly, whether the bonds that would be issued would be convertible to common stock?

Mr. CONNOLLY: The bonds—no, I think the bonds would not be convertible.

Mr. FERGUSON: There would be no option?

Mr. CONNOLLY: Not on the bonds.

Mr. SMITH: Follow the Imperial Oil—you might learn something about that.

Mr. FERGUSON: That is what I am getting at. It is all very well to say that the stock is going to be offered but I do not think for a moment that any promoter of the education and intelligence of Mr. Dixon is going to give a certain block of stock if it is not convertible. It may be one of these cases where the par value is \$100 but they jump from \$100 to \$300. You have already said yourself that this is a very attractive investment.

Mr. CONNOLLY: Normally it is.

Mr. FERGUSON: I do not think that anyone in this room is going to pass up any attractive investment if they know positively that they can convert bonds over to common stock and watch it jump to \$300. I am honest—and I would say I would like to be on the inside of that deal.

Mr. MURRAY: Question.

Mr. GREEN: Mr. Chairman, I presume that the financing is to be arranged for all three companies together. I mean that it is an integrated plan to cover Northwest Natural Gas Company, which is to operate all the pipe lines, and the Alberta Natural Gas Company which is to operate the pipe line in Canada from Pincher Creek west, and the Alberta Natural Gas Grid Company which is to operate the grid system in Alberta. But there really is one general plan?

Mr. CONNOLLY: It is to be looked at as a whole.

Mr. GREEN: It is to be looked at as a whole and the people in charge of that are Morgan Stanley and Company of New York.

Mr. CONNOLLY: They head the banking group.

Mr. GREEN: They are really the people who are arranging the finances?

Mr. CONNOLLY: They have underwritten the enterprise.

Mr. GREEN: The whole enterprise? This is a whole integrated plan, that is correct, is it not?

Mr. CONNOLLY: That is right.

Mr. GREEN: And Mr. Dixon told me yesterday that Mr. Cortelyou Ladd Simonson of the city of New York, investment banker, is the representative on the directorate of Alberta Natural Gas Company from Morgan Stanley and Company? There is no doubt about that?

Mr. CONNOLLY: That is correct.

Mr. GREEN: Is there any other financial house represented on the directorate of this Alberta Natural Gas Company?

Mr. CONNOLLY: None as such. They may have connections with financial houses but they are not there for that purpose.

Mr. GREEN: The one man who is a director of this company because he represents a financial house is Mr. Simonson?

Mr. CONNOLLY: Yes.

Mr. GREEN: And he is representing Morgan Stanley and Company?

Mr. CONNOLLY: He is a partner in Morgan Stanley and Company.

Mr. GREEN: There is no question that Morgan Stanley and Company are going to control this company?

Mr. CONNOLLY: No, that is not so. As Mr. Dixon has said they do not want control of the company; they are underwriting the project.

Mr. GREEN: Well they are the people who are responsible for getting this money and certainly it looks as though they are sitting in a position where they can affect the control of this company?

Mr. CONNOLLY: No, I do not think so, Mr. Green. I do not think you could infer from what has been said that that is the case.

Mr. GREEN: What about the other two companies—have they got directors on the directorate of each of those other two companies too?

Mr. CONNOLLY: They are not represented on the board of Alberta Natural Gas Grid.

Mr. GREEN: What about Northwest Natural Gas?

Mr. CONNOLLY: Mr. Simonson is a member of the board of Northwest Natural Gas.

Mr. GREEN: Mr. Simonson is also a member of Northwest Natural Gas?

Mr. CONNOLLY: With other financial people.

Mr. GREEN: Are there any other Canadians on the board of Northwest Natural Gas?

Mr. CONNOLLY: Oh, yes.

Mr. GREEN: Who are they?

Mr. CONNOLLY: Eric L. Harvey, of Calgary; H. R. MacMillan of Vancouver; Autsin C. Taylor of Vancouver; and William A. G. Kelly of Toronto.

Mr. GREEN: When you were being examined in the Senate you were asked this questions: "Where will the stock control be?" Your answer was: "I would think the stock control would probably be in the United States, sir." Are you wanting to change that answer today?

Mr. CONNOLLY: I would think this, Mr. Green: Certainly things have changed a good deal since then, but I think the stock control will be wherever this stock is sold, and, as I said, there will be ample opportunity for Canadians to buy. Now, if they should buy—

Mr. GREEN: Will you say today that the stock control is going to be in Canada?

Mr. CONNOLLY: I do not think I can say it will be in any specific place today.

Some Hon. MEMBERS: Carried.

The VICE CHAIRMAN: Section 4—head office and other offices?

Mr. GREEN: In this section it is provided for the establishment of other offices and agencies elsewhere within or without Canada as it deems expedient. Now where are these other offices and agencies to be?

Mr. CONNOLLY: There are not any plans, Mr. Green, for having offices elsewhere at the moment.

Mr. GREEN: You have no plans whatever for offices or agencies other than in Edmonton?

Mr. CONNOLLY: That is all, sir; yes.

Carried.

Mr. SMITH: You would not expect me to agree to having the head office in Edmonton instead of Calgary.

The VICE CHAIRMAN: Section 5—General Pipe Line Act to apply.

Carried.

Section 6—powers of the company.

Mr. CARROLL: It says in subsection (c) "exercise as ancillary and incidental to the purposes or objects set forth in this act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely the powers set forth in (a) to (bb) inclusive of subsection 1 of section 14 of the Companies Act, 1934". This section provides these ancillary powers will be available to this company which, although it is incorporated by charter.

Mr. GREEN: This section 6 is the section giving the company or setting out to the company its various powers and I would like to move an amendment, seconded by Mr. Smith, as follows:—

After the word parliament, and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada.

Now, with that amendment the first paragraph of this section 6 would read as follows:

The company, subject to the provisions of any general legislation relating to pipe lines for the transportation of gas or oil or any gaseous or liquid products or by-products thereof which is enacted by parliament, and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada, may

and then the section will go on to set out more specifically the different powers.

Now, I suggest to the members of the committee that an amendment of that type is necessary for the protection of Canadian consumers. After all, this is Canadian gas, and also it will be Canadian oil. Let us not forget that this bill gives power not only to transmit gas but also to transmit oil, and in my opinion in the long run the power to transport oil may be of considerably more importance than the power to transport gas. In any event, both these powers are being given. Now, it is admitted by the witnesses that the bulk of this gas is going to be taken down to the United States. They do not make any bones about that. They said only about 20 per cent would be used in Canada. Under all the conditions an amendment is required.

In the province of British Columbia we have always been faced with competition from Washington and Oregon, and we always will be because our products are very much the same as theirs. Our main industry is the lumbering industry, just as theirs is, and we have, of course, mining and fishing. Our population, however, is smaller than the American population in these two adjoining states and their products of the soil mature earlier than ours because of their location further south. They have a home market ten or fifteen times more than ours, and we are always on the bottom of the heap.

Mr. MURRAY: Where are we on the bottom of the heap in the lumbering business?

Mr. GREEN: Their production is larger than ours.

Mr. MURRAY: We get into their markets. We get into the American markets.

Mr. GREEN: If you would look after Peace River and Caribou better than you have been doing it would be much better for British Columbia.

Mr. MURRAY: I might tell you that there are one hundred and twenty saw-mills in my constituency depending on the American markets. You would shut them down, close off our markets, and turn the employees of those mills on to the street.

Mr. FERGUSON: Poor old Caribou!

Mr. MURRAY: I might say that we are hauling lumber up there one hundred and twenty miles to the railway.

The VICE-CHAIRMAN: Would you let this section 6 stand over and go on to the next section and we will take it up after?

Mr. GREEN: I would ask that it be dealt with now.

The VICE-CHAIRMAN: All right.

Mr. GREEN: For these reasons and also because I submit that it should be the policy of the Canadian parliament to serve Canada first rather than serving Americans first, when it comes to our natural resources—for these and other reasons I would ask that the committee accept this amendment.

Mr. MAYBANK: I just want to draw attention to the clock. I do intend to speak but not at the moment. There is a word I would like to say on it, but not at the moment. We are getting very close to adjournment time and I was wondering about sitting this afternoon. I move we sit a little earlier this afternoon, commencing at 3:30.

Mr. CARROLL: I, for one, cannot support that resolution. I do not know much about powers of the various organizations that this company must go before before they get the right to put that bill into effect. I think we should have the advice of parliamentary solicitors, as to the powers of this parliament before passing the motion that was tendered here by Mr. Green.

Mr. MAYBANK: I move that we adjourn.

The VICE-CHAIRMAN: There is a motion before the committee for adjournment and to meet at 3:30.

All those in favour signify.

Opposed?

I declare the motion carried. We will meet again at 3:30.

Mr. SMITH: I am opposed.

—The committee adjourned until 3:30 o'clock p.m.

AFTERNOON SESSION

The VICE-CHAIRMAN: Gentlemen, we have a quorum.

Mr. MOTT: Mr. Chairman, I would like to say a few words in regard to the amendment to the motion made by the honourable member from Vancouver-Quadra. I would like to say that, as far as the amendment goes I do not think it was necessary to go into such lengthy details in regard to some of the remarks which were made. I come from British Columbia and I speak from the labour man's point of view. We have some ten thousand employees employed in the lumber industry, and in reference to the remarks which the honourable member made today in regard to lumber being shipped to the United States and the attitude of the United States towards that lumber being shipped, I think—

Mr. GREEN: On a question of privilege, Mr. Chairman, I did not say anything at all about lumber being shipped to the United States.

Mr. MOTT: In dealing with the United States you mentioned lumber.

Mr. GREEN: I did not mention one word about selling lumber to the United States.

The VICE-CHAIRMAN: Well, Mr. Green makes the statement that he did not mention lumber.

Mr. MOTT: Well, I maintain that he did make reference to it, and that it will be found on the record; and along with the other statements that he made about our being on the short end at all times in reference to the United States. I do not think we should bring that sort of international small mindedness, or

small views into this discussion whatsoever. We in British Columbia, especially those of us who are on the Pacific coast, must depend largely for our trading upon the United States, and I do not think we should try to put an amendment before this committee and use an argument of that type.

We have depended on the United States for years and years. I myself have worked with an Imperial Oil Refinery in the east and I know that we had to depend on the United States; and moreover, they have given us the automobiles which we have today which are gasoline driven. I do not think the honourable member should have used an argument along those lines to try to place an amendment before this committee.

And mention was made that no oil should go out of Canada until the Canadian need is fulfilled. We know that in the other bill which was passed in the House, mention was made of but two provinces in Canada, two provinces. I would like to stress this: does he mean that no export of gas can go out of the Dominion of Canada until Canadian needs are fulfilled?

Would that mean that we must wait for Winnipeg, and wait for London, Ontario, and Toronto to say: We need gas, but it cannot be exported until after the requirements of those particular cities and provinces are fulfilled from Alberta? Mr. Chairman, I think the amendment is really ridiculous and I am not going to vote for it. I think these things should be brought out because we have heard these remarks before in regard to these oil bills.

A question was asked here yesterday, I think, where the same gentleman talked about bringing gas down through the Yellowhead and oil down through Kamloops and back through Kelowna and piped over the mountains to Trail, some ten hundred miles; but we have been told within the last few days by experts that it is practically impossible—not impossible perhaps, but certainly not a profitable thing to do. We have listened to many of these things and I think we should take objection and place it on the record. I have the chance to do so at this time, and I am against the amendment on this ground. Had the consumers anything to say on the coast regarding how much they are going to pay for gas? I think this bill is wide open the same as the other one and I think it has got to be determined by the board which route is going to be chosen.

These people have come here and offered us five routes and they are going to offer us a sixth route. Are we going to tie an amendment on a bill of that type? Mr. Green may stand up at the coast and tell the people that I was the cause of their paying \$1 million more for their gas than would otherwise have been the case. I hope that he does because we have been reading his remarks in the papers ever since this thing started.

Mr. GREEN: Go right ahead.

Mr. MOTT: I am sorry to hear Mr. Green make a remark of that type and to have him place it on the record here. Therefore, when this statement comes up for the vote, I shall vote against it and on this particular ground.

Mr. APPLEWAITE: I would like to speak to the amendment and directly to the amendment. I believe the amendment has been introduced with the one and only idea of protecting possible Canadian purchasers against export to the United States of gas which they, the Canadians, should have issued for them to use. That has already been done. I should now like to read to the committee a few short but appropriate sections of the Electricity and Fluid Exportations Act, being chapter 54 of the revised statutes of Canada 1927:

Section 5, subsection 1 reads as follows:

V. No person shall export any power or fluid without a licence, or any power or fluid in excess of the quantity permitted by his licence, or otherwise than as permitted by such licence.

I shall now read section 6 subsection 1:

VI. Subject to any regulations of the Governor-in-Council in that behalf, the Governor-in-Council may grant licences, upon such conditions as he thinks proper, for the exportation of power or fluid where a right to export exists by lawful authority.

And I shall now read section VII subsections 1 and 2:

VII. Any such licensee may provide that the quantity of power or fluid to be exported shall be limited to the surplus, after the licensee has supplied for distribution to customers for use in Canada power or fluid to the extent defined by such licensee, at prices and in accordance with conditions, rules and regulations prescribed by the Governor-in-Council.

(2) Every such licensee shall be revocable at will by the Governor-in-Council if the licensee refuses or neglects to comply with any of the conditions imposed with regard to the supply and distribution of power and fluid in Canada.

That is the end of the quotation and I suggest that this amendment is absolutely unnecessary as a matter of practical effect because it has already been fully provided for. And I submit further—although I am not an expert—that it is bad law and worse practice to try to restate the general law in what is a private bill; and further than that I think you might well take into consideration the question of whether or not such a procedure is or is not out of order.

Mr. HERRIDGE: I would like to say a few words. Mr. Chairman, in support of Mr. Green's amendment of which I heartily approve. I support it for the reasons which I will state later and I support it first, though, on principle, the very principle around which the debate in the House revolved; that is, the determination of a number of members of this House of Commons to protect the interests of Canadian people in their desire to use Canadian natural resources. We are not satisfied today that Canadian interests are being protected in this respect. We are here to protect their interest, and I am quite sure that the members of the committee, if they remember the debate in the House of Commons and the remarks of the Right Hon. C. D. Howe, and if they listened to the evidence which was submitted to this committee, will come to the conclusion that we do not by any means have a definite assurance that Canadian requirements are going to be met and Canadian interests protected.

To support that statement I want to read from the Hansard of March 15, which is volume 90, No. 20. And on that day Mr. A. C. Stewart, the hon. member for Yorkton—

Mr. MAYBANK: What page are you reading from?

Mr. HERRIDGE: It is page 791. I am glad you are being so exact in this matter, Mr. Maybank.

Mr. MAYBANK: I thought you wanted to be and had left it out.

Mr. HERRIDGE: On that day, as I was saying, Mr. A. C. Stewart of Yorkton asked the following question:

Mr. A. C. STEWART (Yorkton): I should like to direct the following questions to the Minister of Trade and Commerce. Have any representations been made to him by the C.C.F. government of Saskatchewan with regard to protecting Saskatchewan so far as export of oil and gas from Alberta is concerned? What is the policy of the minister with regard to the granting of permits for pipe lines from Alberta to the United States?

And in reply to that question the Right Hon. C. D. Howe (Minister of Trade and Commerce) had this to say:

The answer to the first question is that I have no knowledge of any representations from the province of Saskatchewan in that connection. In answer to the second question I would say that I spoke on this subject

at the last session of parliament and pointed out that the Electricity and Fluid Exportation Act is designed to protect Canadian consumers. It is necessary under the Act for the Minister of Trade and Commerce to give a certificate to the effect that the present and foreseeable future needs of Canada are protected before any exports of electricity or gas are permitted. It has been suggested frequently in the current debate that gas will be sent to the United States from the pipe line before the pipe line reaches Vancouver. I stated last session that that would not be permitted. I know from discussions with the sponsors of the pipe line that it is not proposed to undertake any such export.

That statement is to be effect that the minister is not going to permit the export of gas to the United States prior to its reaching Vancouver. Then the hon. member for Fraser Valley was not quite sure that he understood the question correctly and on Friday, March 17, he asked the minister a question which is to be found on page 850 of *Hansard*, where Mr. G. A. Cruickshank, the hon. member for Fraser Valley asked the following question:

I should like to direct a question to the Minister of Trade and Commerce. I was not in the house yesterday when the orders of the day were called, but I note that the minister is reported on page 792 of *Hansard* as having said:

It has been suggested frequently in the current debate that gas will be sent to the United States from the pipe line before the pipe line reaches Vancouver. I stated last session that that would not be permitted. I know from discussions with the sponsors of the pipe line that it is not proposed to undertake any such export.

Am I to understand from that statement that no export permit will be granted other than through an all-Canadian route?

Then, the Right Honourable C. D. Howe, (Minister of Trade and Commerce) replied:

Several members of the house have given information that they obtained from the principals behind the bill, and I have given information that I obtained from the principals behind the bill. I might say that I cannot understand the unnatural fear that certain hon. members have of letting these men come before a committee of the house where members of the house could find out what they intend to do.

To which Mr. Cruickshank replied as follows:

I take it the minister is not going to answer my question. Is that correct?

Now, Mr. Chairman, a very careful reading of Mr. Howe's answer to Mr. Cruickshank shows that with regard to many people concerned, there was at least the element of doubt in their minds. I refer particularly to his second answer, because his first answer is quite definite: No export is going to be permitted from Canada prior to the line reaching Vancouver. His second answer on the page following certainly leaves the element of doubt. Now, Mr. Chairman, it is because of that in the first instance that I am supporting this amendment.

The CHAIRMAN: Mr. Herridge, did you listen to what Mr. Applewhaite said when he was speaking?

Mr. HERRIDGE: Yes, I listened to him and I am coming to that in a few minutes, Mr. Chairman. Then, any of us here who have listened carefully to the evidence given by these gentlemen—and I want to say that I think they have been most patient and very fair in answering the large number of questions—but anyone who has listened to them carefully would realize that future Canadian

requirements is not the basis of their project. Now, in that regard, we were given some direct figures—I think it was Mr. Harkness who brought this out, I think he brought out this point when we were dealing with the situation in Vancouver, that Vancouver with a population of half a million was being provided with less gas than the city of Calgary. Am I correct in that?

MR. SMITH: Yes, less than half the domestic consumption in Calgary at the present time.

MR. HERRIDGE: Yes, the city of Vancouver with half a million population is being provided with less gas than is being provided for domestic consumers in the city of Calgary at the present time. Now, Mr. Chairman, I think that is probably one reason for questioning whether Canadian interest is being protected. Now, in addition to that, I asked a question myself with respect to the letter read by Mr. Dixon, I think, as to the price being paid for pipe in Canada; and I am very interested in that.

THE VICE-CHAIRMAN: That question has been answered by Mr. Dixon.

MR. HERRIDGE: I know it has been answered, Mr. Chairman, but I asked the question as to the price being paid on 400 miles of pipe, at which price the officers of this company are preparing their estimates of cost, and whether they are estimating it on the basis of entering the United States at Kingsgate; and that is the impression of quite a number of people, not only the members of this committee. On these grounds, Mr. Chairman, I think we have every reason to believe that we cannot rest assured that Canadian interests are being protected. Then, again, Mr. Chairman, Mr. Green read a letter to this committee which the Right Honourable Mr. C. D. Howe had written to the clerk of the city council in Vancouver. If I heard the letter correctly—we haven't got the printed record yet and with so much evidence being given it is difficult to remember everything in detail—but if I remember the letter correctly (Mr. Green has just handed me the letter), the Right Honourable Mr. C. D. Howe wrote the clerk of the city of Vancouver in part as follows (I am reading the second paragraph of that letter):

While it is alleged that the Alberta Natural Gas Company if incorporated proposes to build a pipe line through the United States, this is not the information that the company has given to me. My information is that the new company is proposing to build this line through all-Canadian territory and to serve all Vancouver points before taking the line into the United States.

Now, Mr. Chairman, my further argument in this connection is with regard to the reply given by Mr. Dixon when this letter was referred to him; and my recollection of his reply is that he said, yes, that was correct—if they were ordered to do so. I think those were the words he used. That means, if the company are ordered to do it. We have no assurance, regardless of the statement of Mr. Howe in this letter to the clerk of the city council of Vancouver and other evidence which has come before us, that these Canadian interests are going to be protected.

Now, Mr. Chairman, I want to deal with the remarks made by Mr. Applewhite who presented a very logical and clear argument quoting from the Statutes. In reply to that I would refer to the experience of the people in the Fort William and Port Arthur district.

MR. MAYBANK: It wasn't quite that; you are treading on dangerous ground there.

MR. HERRIDGE: And what I want to point out there is that the act did not protect those people, and there is no question about it. There are a lot of persons, including a good many M.L.A.'s, who thought they had done everything possible to protect the interest of the people there in so far as the export of gas was

concerned, but that act did not protect them at that time. Therefore, Mr. Chairman, we have doubt as to how our interests are protected under this Act. Therefore, Mr. Chairman, I would urge upon members of the committee from British Columbia to consider whether or not the provisions of this act as it now stands will afford them the protection of Canadian interests which they would like to see. May I say further, that those of us who have been discussing this question, whether from British Columbia or Alberta, have been trying to put our position plainly before the committee, to show where we stand in protecting Canadian rights in respect to this important national product. I can assure you of this, Mr. Chairman, that without doubt we are expressing the opinion of the great majority of people of British Columbia. There is no doubt about that.

Mr. McIVOR: Mr. Chairman, I would just like to correct the honourable member; oil is not being shipped to Superior, it is being shipped to Sarnia via Superior.

Mr. MAYBANK: Mr. Chairman, I think if you will read the amendment it leaves us just exactly where we were. I am skipping a word or two which you will have to fill in for yourselves; may export gas only to an amount in excess of an amount required by—and I will just change it to say, Canadians. That is not the precise wording but you will get the idea; it is not a real violation of the wording the way I have given it. Just taking that as it is how do you determine what is required and who determines it? The same no doubt as under the Fluid Export Act. The Fluid Export Act has this in it, maybe not word for word but this is the whole basis of the Fluid Export Act. Some persons will say that that is a power they will get from the Board of Transport Commissioners. The amendment does not say so. It might be from the producer, it might be from the Alberta government; who is it that determines this? It might be said that it is the individual consumer who determines it, that you have to ask him how much he requires. The amendment proposed is about as effective as a hole in a tank of water. It would not protect anybody at all, if you do put it in. Then, in the next place, it does not protect anybody for this reason, that if this law were passed with that amendment in it it would only mean that this particular artificial person was bound by whatever binding force that has; it has no effect whatever on other artificial companies already in existence, because they, not having this in their law, would not be so bound. If there is any binding power in it at all, and I doubt if there is, it extends to the discretion of some person in the last analysis, as is the case with the law now. So that if you put that into the law you really have nothing in at all; and if that statement were not there, then you put it in and you say it has some force, but there are six or seven other artificial persons with precisely the same powers as you have here extant in Canada at the present time and not one of them is subject to this or that caution which you are now proposing to put in this bill, and you have by no means protected the people of Canada by amending this particular private statute. If you regard the other private companies which you have incorporated as being an entirely different kind of animal than this artificial person will turn out to be; and if that is the reason why you feel you can trust these others without putting that in their law yet you can't trust this one; well, that might be some reason for putting them under special restrictions; but I do not think that any person would say that he believes that one artificial person who has been created is any more to be depended upon than any other. They are all coming to us to be enchartered in order to go into a business in which it is expected there will be a reasonable profit; and they will all act, no doubt, according to the same motives that move most people in such circumstances. In this connection, however, it may be that you have a certain confidence in some of the other companies which have been enchartered without any such restrictions being put upon them; still you have no guarantee that these other enchartered

companies will remain as they are today. What you will have done, perhaps, is to make all of their charters more valuable, they could sell them to a little bit better advantage; but you have not thereby protected the people of Canada with respect to the consumption of gas. It is a good deal like trying to prevent water running out of some container where you have a half a dozen pipes and you just try to stop it coming out by putting a plug into one of those pipes. Of course, the water continues to run through the other pipes. It is an entirely ineffectual act.

It really does not mean anything where you have all these other lines in operation, and members of the committee recall that nothing of that kind was exacted from the other artificial persons when they were created. I know there are many honourable members here who would say that those companies, when they were making their submissions gave a pledge; and that pledge is worth nothing as every person knows. There is no value whatever in pledges of persons who can change entirely day by day. A company, one day, may be a person made up of fifty people. A verbal pledge given by people who are giving a pledge before the company was ever born has no value. They can pass out of the picture in an hour and fifty new people take their places. There is no value in that sort of thing and surely the honourable member would not suggest that it has any real value.

Mr. GREEN: I suggest there is.

Mr. MAYBANK: I suggest we are only wasting our time and fooling ourselves in trying to amend a law in this way.

Mr. FERGUSON: Mr. Chairman, our actions and the actions of any committee for the passing or granting of any charter should not be a precedent for any charters to be granted by any committee in the future. We should, and I hope it will always be so, learn from past experience and failures and mistakes.

Mr. MAYBANK: But you would have to kill off the children who were born.

Mr. FERGUSON: That is not necessary, we all try to do better regarding our children.

Now, our friend from British Columbia would almost try to lead the members of this committee down the flowery path, down the garden path, in reference to the generosity of our good friends from the south, at all times, towards Canadian purchasers and Canadian enterprise. May I just remind him when he speaks of the automobile that has been given to Canadians by the Americans that the Americans came here originally and bought the Buick company which had been established by McLaughlin in Oshawa. They purchased that outfit because it had a value. And then the great Standard Oil, which you work for, the Imperial, they came to Petrolia where oil was discovered and they purchased it. You, who are representatives of the Canadian people sitting on a committee, remember the sins of our fathers and in future when sitting on committees remember to scrutinize proposed charters far more carefully than they have been scrutinized in the past. When you look at the serious side of the situation, when you are voting, think whether we may not be giving away our birthright for the future. If the honourable member from Vancouver-Quadra is actually trying to protect the people of Canada in his amendment it behooves everyone of us as representatives of the people of Canada to stop in our tracks and think seriously as to whether this amendment is justifiable or not in order to protect the property of the people who sent us here to protect that property.

The VICE-CHAIRMAN: Are you ready for the question?

Mr. STUART: I want to say a few words. I have not spoken in this committee as yet. I want to associate myself with the remarks made by Mr. Mott; and on the remarks made by Mr. Ferguson I want to say there that our friend Sydney Converse in Washington did not take the same view you are asking us to take here today. From 1940 to 1946, during the war, if our friends in the

United States had taken the same attitude as you are asking us to take today Canada would be a very poor country. Every bit of gas or oil that came into this country came from the south of us, from the United States. I remember well being in Boston in 1945 when people were sitting in their homes with fur coats on because there was no fuel. That never occurred where I lived even during the war; and in the maritimes, if it were not for the people to the south of us, we would have moved out long and long ago.

I have heard these same who are opposing the incorporation in this committee, members stand up and preach political autonomy; and it would seem here there are two or three members from Alberta doing that this afternoon. I believe the people in Alberta should have something to say about the natural resources of their province, for without these markets in the United States it would be utterly impossible to deliver gas to the west coast. You have to have the American market to get that gas to British Columbia at a reasonable price. I have listened to this flag waving and I want to assure you that the people where I live are more generous towards the people in the United States.

I have no hesitation in voting against the amendment because I believe these people down there will be the same friends to us in the future as they have been in the past.

Mr. GOODE: I am going to speak directly to the amendment, Mr. Chairman. I came into this committee with a neutral attitude. As I said before, I wanted to find out about the submission of the gentlemen who are interested in this company and then to form my own opinion. I find that although a certain pledge was given to Mr. Green when the charter was granted to the Westcoast Transmission Company, that the pledge, if it was a written one, was not worth the paper it was written on. So I must judge for myself just what is going on in this committee, and make up my own mind. I look at the bill for the Westcoast Transmission Company and I find out that the words are exactly the same as those in the bill before us, exactly word for word. Mr. Green at that time made no suggestion that there should be an amendment to that charter and I am not going to penalize this company because he omitted to propose an amendment to a charter that has been granted. We should be fair. We are only judging if this company should receive a charter. I am going to vote against this amendment for the one reason that I do not think Mr. Green has been fair in this matter and I am going to form my opinion from that fact.

The VICE CHAIRMAN: Are you ready for the question?

Mr. SMITH: I assure you I am going to be very brief. I intend to deal with one of the arguments made by my friend Ralph Maybank and then I will say a word to Wes Stuart here because he brought some Alberta members into the discussion. Mr. Maybank's argument is this that the amendment is worthless. It strikes me as very strange for so very able lawyer as he is to become so enthusiastic in opposing an amendment which in his own language means nothing. Then, with respect to the broad picture of different companies—and he says there are a lot of them,—which have been organized on similar lines, to my knowledge there is only one company, the Westcoast Transmission Company.

Mr. MAYBANK: The oil companies are much the same, are they not?

Mr. SMITH: I am speaking with reference to gas.

Mr. MAYBANK: This is an oil company.

Mr. SMITH: This includes both gas and oil.

Mr. MAYBANK: So do they.

Mr. SMITH: But the others do not include gas. Now, we who have been opposed have been opposed for one reason and that is that we offered in the House of Commons and again here to let this charter go through in one minute

if someone in a responsible position would give us an assurance that what we are incorporating is an all Canadian route. We have said that publicly and I have asked everyone in the House of Commons with authority to say that. We went further and offered to support—I offered publicly to second, if necessary—an amendment to the main Act providing that so far as these gas lines between Alberta and Vancouver were concerned that we should have such an amendment that would put them all in the same position. There was not a sound from anybody with respect to this very fair proposition.

Then coming to my good friend and travelling companion of other days—he is not much of a poker player, I may say,—but coming down to the remarks made by him and our good friends in the United States, he used the expression “flag wavin”. Well, perhaps that is as good an example of that type of thing as one could find. But I remind him of this, and I am dealing with gas, the same commodity we are dealing with here. Western Ontario not so long ago was shut off from gas by the same Texas Panhandle Eastern Company that my friend Mr. Dixon had been at one time associated with. If you read the newspapers you will have found that in the last ten days the dominion government department of External Affairs has been in Washington before that same power commission begging the United States to give us seventy-five million feet under the river between Detroit and Sarnia.

Mr. FERGUSON: There you are!

Mr. SMITH: That is the item we are dealing with, gas. Our government, officially,—Mr. Matthews, I think was the name of the man who made the application before the Power Commission—are down in the United States now officially; the dominion government is there officially begging this company to give us some gas in western Ontario. Are you going to agree with Mr. Maybank's view of the law? I am going to agree that perhaps this is the poorest way to bring these things about. I said in the House of Commons: if you do not give us statutory protection, will somebody give us an undertaking. But that was only if we could not procure all these things by way of a statute.

Mr. APPLEWHAITE: We have them by way of a statute.

Mr. SMITH: You are referring to the Fluid and Electricity Act. Well, I know all about it, and what that means is this: an individual has a right in his discretion to turn off the tap as the power commission in the United States turns off the tap in a pipe line already constructed. As I said a moment ago, I want to stop talking about this matter but I want to ask two simple questions, perhaps three, about some words in the statute itself. Shall I do it now or shall I wait until this amendment is voted down, because I have no doubt that it will be. The experience of the last few days is eloquent.

Mr. MAYBANK: I just want to say something in agreement with you, that is all.

Mr. SMITH: When we were going out of here today something was said by the honourable member; he said that both he and I needed a drink. I agree with him on that. That is as far as our agreement goes. Clause 6, in the very first lines of (a) reads:

“The company may within or outside Canada construct, purchase, lease, or otherwise acquire and hold,”

I want to know from Mr. Connolly why we are legislating for things outside Canada over which we have no jurisdiction whatever?

Then it goes and says this company is permitted to make purchase of gas from international companies. I am curious about this.

I want to know how the parliament of Canada has got any right whatever to give authority to a company to do something outside of the Dominion of

Canada. I do not mean with respect to fishing by international companies in the three mile limit or anything of that sort, but, here we are, dealing with gas. Why should we have these provisions for outside Canada?

Perhaps I should ask all of the questions and then you can answer them at once.

That power gives them also power with respect to lines outside of Canada and their other business transactions, shall we say, over which in my judgment, and as far as I can see, we have no authority whatever. We have an authority over here in the corner, however, and probably he will want to be heard with respect to that.

Then this bill goes on and deals with aircraft—that they may lease or sell or maintain and operate aircraft and aerodromes for the purpose of this undertaking, together with the facilities required for the operation of such aircraft and aerodromes. Now I want to ask Mr. Connolly if he has gone into the question of the rights of air transport companies, and if he is satisfied with his clauses as they are here? And whether he is satisfied that he is not in breach with a policy which has to do with government ownership of air transport in this country?

I am not for a moment saying that you are in breach of this but I am asking you if you have examined it and if you are content with it? Perhaps you yourself may need a little amendment here in connection with your Act.

The next thing I want to ask about is the part—"to own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and subject to The Radio Act, 1938, and any other statute relating to radio, own, lease, operate and maintain interstation communication facilities;"

The reason I ask you about the last two or three lines is that I have had some experience with corporations in Alberta endeavouring to get radio communication from head office, we will say in Calgary, to the various stations where they have those portable units which are carried around where the drilling crew is working. They may be working a long way from necessary facilities and radio is needed for quick action, in case of accident, fires and so on. I just wonder if it is sufficient—if you are satisfied from the inquiries you have made—that your statute here in these three particulars is in accordance with the existing law?

Perhaps I should say that I am formally seconding Mr. Green's amendment.

Mr. HODGSON: I have several questions which I would like to ask.

The VICE CHAIRMAN: Mr. Connolly might first answer those questions.

Mr. CONNOLLY: As to whether or not the words "outside of Canada" should be there I may say first, when this bill and other bills were originally drafted it was generally agreed that the provision should be there. There is a provision in the general Pipe Lines Act, section 9, which provides that a company operating a company pipe line from a place in Canada to a place on the international boundary line may exercise, beyond such boundary, in so far as permitted by laws there in force, the powers that it may exercise in Canada.

That is one reason why the words were included.

Mr. SMITH: That does not mean anything in court?

Mr. CONNOLLY: It is in the law, Mr. Smith—it is section 9, and we have to deal with it as we find it.

Mr. SMITH: I agree with you that it is surplusage.

Mr. CONNOLLY: Point two is that this company would not require a dominion charter if it were building solely within the limits of one province; but the dominion asserts jurisdiction when it crosses provincial or international boundaries. I think that is perhaps the main reason for that clause.

Mr. SMITH: Are you still talking about what I was discussing? I realize what you say is correct, but are you saying that it is a reason why we should give these rights?

Mr. MAYBANK: Not rights.

Mr. SMITH: Confer power to do things, then.

Mr. CONNOLLY: Yes, I think so.

Mr. MAYBANK: It is to get them much nearer to a natural person.

Mr. CONNOLLY: They are operating not within the limits of one province—

Mr. SMITH: Yes, but the provinces are within Canada?

Mr. CONNOLLY: For the same reason the words are required.

Mr. SMITH: It cannot be for the same reason.

Mr. MAYBANK: I can suggest another reason is that the Honourable member for Calgary—

SOME HON. MEMBERS: Louder.

Mr. MAYBANK: I can suggest that another reason is that the honourable member for Calgary and others have confirmed the correctness of this draftsmanship by granting it in all other cases.

Mr. SMITH: Let us settle this once and for all—there is only one other—

Mr. MAYBANK: These words "within and without Canada" are in every bill which passed with one exception—a bill which I introduced. That is the only exception.

Mr. SMITH: I am glad that you woke up—I am a little late in waking up but is there any sense in it?

Mr. CONNOLLY: If I can come to the other points—

Mr. SMITH: You have not dealt with the first one?

Mr. CONNOLLY: I think I have.

Mr. SMITH: All right, if you have done your best.

Mr. CONNOLLY: I think what I have said is what the law officers of the Crown would tell you. The second thing you ask about—

Mr. SMITH: I think it is just presumptuous for the Dominion of Canada to legislate about conditions in the United States.

Mr. CONNOLLY: You asked also about the power to operate aircraft. That was originally put in because of the matter of patrolling and servicing the line may be of importance. It may be important to use aircraft in doing that.

Mr. SMITH: I agree.

Mr. CONNOLLY: It was felt that the fundamental right to use them should be incorporated in the Act as it was in other Acts, and for the same reasons.

Likewise that is true for the operation of radio facilities for communication between points that otherwise would not have communication service. You will notice that what we have in respect of operating and using these facilities is specifically subject to the Radio Act of 1938. We must get a licence to operate in accordance with the regulations and provisions of that Act.

Mr. SMITH: Your answers to the first two questions is you do it because some other people did it?

Mr. CONNOLLY: No, we think the reasons are good and valid for having done it on our own. The fact that others did so simply supports the views we have.

Mr. SMITH: Outside of Canada—did you do that on your own?

Mr. CONNOLLY: Certainly.

Mr. MAYBANK: Lots of charters have been granted that way.

Mr. CONNOLLY: That is customary.

Mr. GREEN: Mr. Connolly you are not going to operate outside of Canada?

Mr. CONNOLLY: This is a continuous line. The line beyond Canada of course will be—

Some Hon. MEMBERS: Order, order.

Mr. CONNOLLY:—operated by Northwest Gas Company.

Mr. HODGSON: I think you will all agree that this is the first time I have had a chance to speak on this thing. I intended to before but somebody else always got the floor.

Mr. SMITH: You are big enough to get your own floor.

Mr. HODGSON: I think it has been proved here by Mr. Dixon and others that there will be only one pipe line built. I think that has been proven beyond a doubt,—although this is the second charter. I was wondering, therefore, if there is any collusion between these two companies, or if the other company had pledged more or less that they would have the Canadian route.

Now it looks to me that the natural route or the cheapest route is the one down through the States. The difference of \$15,000,000 is not just peanuts. It is the difference between one and the other. There might be such a thing as a hook-up between the companies so far as competition is concerned.

It has been proven that only one line is necessary or is all that will be built. Then, if two charters are granted, they still cannot say there is going to be any competition as far as buying gas is concerned. It also means that there is not going to be any competition as far as sales to markets are concerned—and that is the only thing that is going to stop a monopoly—that or some legislation we pass before this charter goes through.

The next step, as far as I can see it, lies with the Board of Transport Commissioners or the Minister of Trade and Commerce—whoever has the authority to say whether this charter is granted or not and where it will go at that time.

I think Mr. Smith proved to you this thing of gas being sent back and forth over the lines is just the same as other fuel and it has been refused in the past. I think Mr. Green is quite in order; I think he has got the right idea. Before we sell our birthright, we should have something to say about how much coal there is for our own consumption in Canada. I think that is only fair. I do not think that any legitimate company in the United States would object—in dealings with them I have never found them difficult in that way.

I think we should consider this very fairly from their standpoint and our own and that of the industries and the people of Canada as a whole. It has been said here that there is only to be so much gas left for Vancouver. We do not know what the development in the future is going to be along the location of this pipe line and the cities and towns which it services. Canada might need a great deal more gas than any of us now contemplate. For those reasons I think that the amendment that Mr. Green has made should be considered.

Some Hon. MEMBERS: Question.

Mr. BYRNE: I certainly oppose the amendment for the following reasons: in the first place the Export Act for natural gas and fluids does not call for it; secondly, the West Coast Transmission Company who have applied and obtained a charter to supply gas do not have such a clause in their charter; third, if you open up such a question every company that is chartered for gas and oil or any other exportable product would be left in the position where someone could come into the House of Commons and, possibly for political reasons or other reasons, introduce an amendment which would be similar. I think we could start something which would extend almost to infinity for all these voluminous bills that we have in the House of Commons. My fourth reason is that in the letters to the mayor or the city clerk of the city of Vancouver the Rt. Honourable Mr. C. D. Howe has indicated that as Minister of Trade and Commerce he will

not allow gas to be exported until Canadian needs are met. I personally believe that it should be the part of every member of parliament and every person residing in Canada to feel that we can put confidence in our elected representatives and to believe that they would protect the interests of the Canadian people rather than those of the directors of a company responsible only to their shareholders.

Now, a declaration by any company that they will follow any particular route or any other declaration certainly, unless it is embodied in a contract, a signed contract, would not carry the same responsibility if made by our senior officials of the government. The Governor-in-Council will determine eventually if the requirements of Canada are met and certainly under this Act it will not be Mr. Applewhaite. He will act on the instructions from the Minister of Trade and Commerce so that I think it is absolutely superfluous to add anything in the way of an amendment to this Act.

The VICE-CHAIRMAN: All those in favour of the amendment?

Mr. ADAMSON: Mr. Chairman, I have had some experience with a very similar type of thing, the export of off-peak electric power which was exported in the first place as an emergency measure. There was an agreement that when the power was needed in Canada, that power should be returned. Actually what happened was that the industries in the northern part of New York State became dependent upon this power, and when it became necessary for the province of Ontario to have that power back it was impossible to get it back without causing a serious disruption of supply of primary power to those industries; and it was only got over, after some considerable power shortage, by the construction of further Hydro Electric Works elsewhere than at Niagara.

Now it seems to me that we have a very similar situation here. The estimated consumption in Vancouver of 5 million cubic feet is less than one-half as much as Seattle; and less than one-third as much as Portland. Well, perhaps that is in the opinion of the company a correct estimate. But in population Vancouver is slightly over one half a million and I do not think either of those cities is very much larger than Vancouver.

Mr. MURRAY: Let us get down to the facts. How many people would there be around Puget Sound, three million?

The VICE-CHAIRMAN: I wish you would stick to the subject of the amendment.

Mr. ADAMSON: I am speaking on the amendment, Mr. Chairman.

The VICE-CHAIRMAN: It does not sound very much like it, Mr. Adamson.

Mr. ADAMSON: I feel that the prime function of this committee of the House of Commons is to see to it that the requirements of Canada are met first. Therefore I see no objection in this amendment.

The VICE-CHAIRMAN: Order, please. Order!

Mr. ADAMSON: In fact, I am wholeheartedly in favour of the amendment particularly as we have again seen what has happened at Windsor and at Sarnia where the supply of natural gas has been certainly restricted and definitely cut off because of the Federal Power Commission. I believe we are putting our necks in a noose in regard to this thing unless we at least take other safeguards with regard to the supply of Canadian industries first.

Mr. PEARKES: May I ask how practical it is to apply this amendment supposing route B is the route which is adopted for the construction of this pipe line?

The VICE-CHAIRMAN: But that is not mentioned in the amendment.

Mr. PEARKES: I am asking as to whether it is practical to apply this amendment, and I am saying: supposing route B is constructed, and in the course of time the demand from Trail develops to such an extent that there is

not sufficient gas coming through the pipe line to be able to supply Trail and Spokane, would it be practical to turn off the gas to Spokane and let the gas go to Trail? And in a similar way, supposing route B is constructed, and the gas reaches the terminal at Munroe, and a decision has to be made as to whether a sufficient quantity of gas can be sent to meet the needs of Vancouver or Portland, would it be practical to turn off the supply of gas going to Portland?

Mr. GOODE: On a point of order, Mr. Chairman, I think this is a matter for the Board of Transport Commissioners, and it cannot be answered sensibly by this committee. When the time comes the Board of Transport Commissioners will make the final decision as to the disposal of the question.

The VICE-CHAIRMAN: Question?

Mr. PEARKES: Mr. Chairman, let me suggest that my question is perfectly in order. I am not capable of voting on this amendment until I have an answer to my question.

Mr. MAYBANK: Mr. Chairman, I submit that the question is in order, but it is a question for the honourable member to answer for himself. It is a question for his own judgment to determine how he should vote, and not a question to be determined for him by the sponsors of the bill.

Mr. PEARKES: Can you tell me whether or not the gas will be turned off en route? I cannot.

Mr. MAYBANK: I think the honourable member should consult the honourable member who is sitting on his right and ask him if he knows. It may be that he will be able to tell him, but I do not think it is a question to be answered by the sponsors of the bill.

Mr. WYLIE: Mr. Chairman, this is the first time, I think, that I have spoken on this matter. Coming from Medicine Hat, where we had the first gas from the province of Alberta, I think I should say a few words.

I do not know what the amendment is, but when I came in, Mr. Maybank was referring to irrigation and irrigation through pipe lines. Now, Mr. Chairman, there is no comparison to be made between irrigation and gas pipe lines. If the honorable member came from Alberta I would perhaps excuse him. But seeing that he comes from Manitoba where they have no irrigation schemes and no gas pipe lines, I must take issue with what he says.

He mentioned that if he were on an irrigation system and if he did not want that irrigation, he would just shut the water off. But irrigation is not quite so easy as that. Those honourable members who come from irrigation districts will remember that a contract has to be signed in the spring, to the effect that you are responsible for the payment for so many acres of arable land. And as far as gas is concerned, we have no pipe line in the city of Medicine Hat. Gas is not piped there. What we do in the city of Medicine Hat is drill our wells underneath the city. We may have to drill down 1,000 feet, 11,000 feet, or 12,000 feet, but we have our natural gas. It is true that if you do not pay your tolls, the city may shut you off.

I wanted to ask Mr. Dixon a question this morning, but my good friends over here excluded me from doing so. I wanted to know if Medicine Hat was on the grid system? But whether it is or not we in Medicine Hat have our gas fields and it must be realized that as our city expands we must also expand our gas fields.

Instead of having all our wells in the city of Medicine Hat, as they are at the present time, this year we drilled two new wells which will be 12 miles from the city. It is the policy of the Alberta Conservation Board to see to it that our gas pressure is kept up. That is something we have to look after to see that we are supplied with natural gas, and I would certainly commend the Alberta

Conservation Board for what they have done not only for the province of Alberta but, in view of the pipe line we are discussing today, for the benefit of the rest of British Columbia and, perhaps, the United States.

I do not know if I am in order, but I am going to say this while I am on my feet; that if it were not for that natural gas in Medicine Hat, Medicine Hat would not be the city we have there today. Now, Mr. Chairman, you may be listening to Mr. Maybank. That is quite all right. I do not care what Mr. Maybank is saying to you.

The VICE CHAIRMAN: We are talking now on the amendment, Mr. Wylie, and I think you are pretty far astray from the amendment.

Mr. WYLIE: I do not know what the amendment is. When I came in here the amendment was moved and Mr. Maybank was talking about irrigation. And I think if Mr. Maybank can talk about irrigation; then I am entitled to speak about it as well; and if I am out of order, then I am quite willing to sit down.

The VICE CHAIRMAN: I think you are out of order.

Mr. WYLIE: But when a gas pipe line is compared with irrigation in the terms which Mr. Maybank used, I think it is my privilege to tell Mr. Maybank what I know about irrigation and about gas pipe lines. I just wish that Mr. Maybank.

The VICE CHAIRMAN: That has nothing to do with the amendment, nothing in the world.

Mr. WYLIE: I wish Mr. Maybank lived in the province of Alberta so that he would know something about irrigation.

The VICE CHAIRMAN: Question? All those in favour of the amendment please say yea? All those opposed please say nay?

The CLERK: Yeas, 12; nays, 25.

The VICE CHAIRMAN: I declare the amendment lost.

Mr. HERRIDGE: Mr. Chairman, when we were discussing section 6, in the discussion of the amendment which was just lost on a recorded vote, Mr. Goode said that this bill was identical word for word with the previous bill, in so far as this section was concerned. I am sorry to say, Mr. Chairman, that Mr. Goode has apparently not read the bill very carefully, and it is in that connection that I wish to speak at this time. Now, Mr. Chairman, Section 6 of Bill No. 9, known as an act to incorporate the Prairie Transmission Lines Limited, reads as follows:

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

(a) within the provinces of Alberta and British Columbia or outside Canada construct, purchase, lease,

Now, Mr. Chairman, just to cover that point raised by Mr. Goode, I am going to read from the corresponding act to which reference was made, Bill D-8 of the Senate; an act to incorporate the West Coast Transmission Co. Ltd.; and I read the same section:

The Company, subject to the provisions of any general legislation which is enacted by parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

(a) within the province of Alberta and British Columbia or outside Canada construct, purchase, lease...

Now, Mr. Chairman, we have been discussing this afternoon an act to incorporate the Alberta Natural Gas Company (Bill 7) and section 6 of this bill reads as follows:

6. The Company, subject to the provisions of any general legislation relating to pipe lines for the transportation of gas or oil or any gaseous or liquid products or by-products thereof which is enacted by Parliament, may

(a) within or outside Canada construct, purchase, lease, or otherwise acquire and hold,

—and so on.

I am quite sure, Mr. Chairman, that Mr. Goode will admit that he was inaccurate in making that statement.

Mr. SMITH: Mr. Goode made a statement that the wording in the two bills was exactly the same.

The VICE-CHAIRMAN: Oh, that is a mere bagatelle.

Mr. HERRIDGE: So that this bill will be similar word for word to the previous bill in wording; and it is for that reason that I want section 6 of Bill No. 7, paragraph (a), to be amended, by adding after the word "within" in the 20th line, the following:

the provinces of Alberta and British Columbia.

Now, Mr. Chairman, the insertion of those words will then make this bill identical with the bills passed last year. I would so move.

Mr. GREEN: Mr. Chairman, with regard to this proposed amendment, you will remember that when I was questioning Mr. Dixon yesterday I asked him—

The VICE-CHAIRMAN: Just a moment, Mr. Green, please. I will read the amendment:

That paragraph (a) of section 6 of Bill 7 be amended by adding after the word "within" in the 20th line the following "the provinces of Alberta and British Columbia".

Mr. SMITH: I think they will accept that.

Mr. CONNOLLY: Mr. Chairman, Mr. Dixon calls my attention to a situation where the company might want to get gas in Saskatchewan. And suppose the company wanted to supply gas to Manitoba—

Mr. GREEN: Mr. Chairman, I suggest that is not the answer, because this group now have a collecting company in Alberta known as the Alberta Natural Gas Grid Limited, or some such similar name; and they are asking the incorporation of the Alberta Natural Gas Company to transport gas to the west in so far as their line runs in Canada, and wherever it is beyond the boundary in the United States, they are proposing to operate another company to be known as the Northwest Natural Gas Company. Now, I asked Mr. Dixon whether he had any intention of running along into the east from Alberta, and his answer was that certainly for the time being they had no such intention. And I submit for that reason alone this amendment should be carried. We have heard a lot of argument by people who are talking about this private bill to the effect that they should not be put under any disadvantage, but here we have a case where they have a very distinct advantage, they are getting the power to operate a gas line running anywhere in Canada. They are not confined to the building of a pipe line to the Pacific coast, although in their story to us they say that is all they want, a pipe line to the west coast. Now, if they mean what they say, then let them accept this amendment and confine their operations to Alberta and British Columbia. If at a later time they want to build a line to the markets of the east let them come before parliament for an amendment to their charter

to give them that right. There is no reason so far as we can see why they should have a wider right than the other companies who have been hoping to get a line to the west coast.

Mr. RILEY: Speaking to the amendment proposed by Mr. Herridge, in that amendment he asks that the company be restricted in the export of gas until the requirements of the Canadian consumers have been satisfied. Apparently he wanted to give the people of Canada who might be interested in the gas line, or in consuming gas from the Alberta wells, an opportunity to obtain that gas for their requirements before it could be exported across south of the border. He comes along with this amendment and he asks that the company be restricted from doing business in any other provinces than Alberta and British Columbia. There is another point for us to consider there, and that is that the two companies will have to go before the Board of Transport Commissioners, which after all is the body which is going to give them the power to carry on their project, their gas line project. These two companies will be going before the Board of Transport Commissioners and if this amendment is carried they will be under a handicap as compared to other companies who are making application for the same purposes. I think in all fairness that these two companies coming to the parliament of Canada for a charter should be treated equally, and have equal powers when they appear before the Board of Transport Commissioners.

Mr. SMITH: Hear, hear; everybody agrees with that.

Mr. RILEY: Then, if these companies want to enlarge their powers at a later date, they will both be in the same position and will have the right to come before parliament and ask that their powers be enlarged so that they can extend their operations to provinces other than Alberta and British Columbia.

Mr. MAYBANK: Mr. Chairman, I might tell the committee something with reference to the bill to which I made reference this afternoon when Mr. Smith was speaking, and when I think there was a short exchange between us, and when I said there was one bill which only asked power to build in Canada, and he made some answer to me. The committee will recall the incident, I think. Now, in that case I was a little surprised that the person from Winnipeg who had asked me to sponsor their bill drafted their bill in the manner which I described. They desired powers only to build in Canada, and I said: "it is none of my business, I don't care; but, why do you cut it down like that? Every person else seems to ask for wider powers." Well, their answer was: "we are fairly convinced that all we need to do it to come down as far as Winnipeg; if we want any more later, if we prosper and we want more, to go somewhere else."

I suppose they will come forward with an amendment, and that is the way very often with people who are applying for charters. They say: give us such and such a charter, make us that much nearer or that much less near in some cases to what is the position of a natural person, and so long as there is not anything morally objectionable or reprehensible in any way about the request for powers being asked, then I submit that the powers asked for by the persons who come before us should be granted, unless there is some good reason against it; and for that reason I would urge that the bill be not amended at all unless it be for some very definite thing that we discover to be wrong. I would ask that we do not amend the bill at all and particularly not amend it in this respect.

The VICE-CHAIRMAN: Are you ready for the question?

All those in favour of the amendment signify by answering yes to the call of your name. Those against say no.

Yeas, 11; nays 23.

The motion was negatived.

Shall the section carry?

Mr. GREEN: With regard to paragraph (a) of this section 6, I have another amendment here. I would like to propose an amendment to that section seconded by Mr. Harkness and it is this: that paragraph (a), section 6 of bill 7 be amended by inserting after the word "hydrocarbons" in the 28th line, the following:

provided that the main pipe line or lines either for transmission and transportation of oil or gas shall be located entirely within Canada.

Now, with that amendment clause (a) will read as follows:

within or outside Canada construct, purchase lease, or otherwise acquire and hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines and all appurtenances relative thereto for gathering, processing, transmitting, transporting, storing, and delivering, natural and artificial gas and other gaseous or liquid hydrocarbons provided that the main pipe line or lines either for transmission and transportation of oil or gas shall be located entirely within Canada.

and then the clause goes on to say:

and purchase, or otherwise acquire, process, transmit, transport, and sell or otherwise dispose of and distribute natural and artificial gas and other gaseous or liquid hydrocarbons, and own, lease, sell, operate, and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation communication facilities;

Now if that amendment is carried it would mean that the main line of this company to the west coast would go through Canada.

Mr. BYRNE: It will go anyway, the Board of Transport Commissioners will decide that.

Mr. GREEN: It will mean that the main line would go through Canada to the coast. There would, of course, be freedom to build branches from that main line into the United States, but if this amendment were to be carried then the main line would have to be in Canada. The company has said that it is now going to present six different routes to the Board of Transport Commissioners. If the amendment is carried they would only be able to present two routes because there would only be two in which the main lines would be on Canadian soil. One route would be their route "A", which runs from Pincher Creek to Vancouver, all on Canadian soil, and the other route would be the route through the Yellowhead, which, they say, they are now going to investigate. They would be at liberty to follow either one or the other of these two routes, and as I said yesterday, of course, the real comparisons that matter are the comparisons between the Yellowhead route and the Crow's Nest route. That is the comparison that is important. But if this route is laid through Canada even on their own Crow's Nest route, the result will be, according to the figures given to us this morning by Mr. Dixon, that there will be six hundred and twenty-six miles of pipe laid in Canada from Pincher Creek to Vancouver and only three hundred and eighty-five miles laid in the United States, whereas if they follow their United States main line route, there will only be two hundred and ten miles of pipe laid in Canada as against seven hundred and twenty laid in the United States. That is a difference of mileage in Canada of four hundred and sixteen miles.

Then, as to the amount of money expended: on their own story there will be between \$40 million and \$45 million additionally spent in Canada if their route goes by the all-Canadian route through the Crow's Nest to Vancouver as compared with the main line route going through the United States. There is that substantial difference in the amount of money that is going to be spent in Canada before the construction of the line.

Also, there is the additional cost of maintenance. You have the maintenance of six hundred and twenty-six miles in Canada in the one case and of only two hundred and ten miles in the other, and again, if the line is laid in Canadian soil, you will get away from all the difficulties of control; Canadian needs are met and the excess goes out by branch lines to the United States.

There is then no need of any treaty to protect Canadian consumers. I have no intention of going any further in my explanation. You all know the position. I do suggest that an amendment of this kind providing that the main pipe line must be laid on Canadian soil—mind you that includes oil as well as gas—I do not suggest that having that provision put in the bill is in the interest of Canada.

Mr. APPLEWHAITE: If this committee wants to do anything to insure that any pipe line that is going to carry gas from Alberta to the Pacific coast is going to be built through the United States of America, the adoption of this amendment is the one way to assure it.

I wish to explain to the committee, as I see it, what will be the inevitable results of our passing this amendment at this time. I want to make it quite clear that I am not accusing the sponsors of the amendment of having this object in view. I am giving them credit for not having it in view. This amendment—assuming the bill passes with this amendment in—will give us at the moment—because **Prairie Transmission Lines** are quite yet in the picture—two companies with the right to build a pipe line from Alberta to the Pacific coast. It will give us one company with the right to build in Canada and in Canada only; it will give us another company, whose bill I have in my hand,—and this now is an Act,—which will have the right to build within or without Canada. Assuming that a line can be built without Canada at a considerably reduced cost according to the evidence we have before us, that would apply, I understand, to lines B, C, D, which we have before us, all of which would be made illegal under this amendment. Then, we have the very pleasant situation of two competitors approaching on one side and the vendors on the other side. The market is in Seattle, in Vancouver and in Portland. We admit that we must serve Seattle and Portland to make the project possible at all. When they come to deal with these people are they on the same basis, or is one going to say due to the restrictions put upon us by the parliament of Canada it is going to cost 2 per cent, 3 per cent, or even 5 or 7 per cent more to get gas to you than if you deal with your competitors upon whom no restrictions have been placed by the parliament of Canada.

We are faced now with a situation which some of us have seen coming for a long time. We are faced with a situation where this parliament is giving one company a monopoly or at least a position which puts them in the way of monopoly because it makes their competitors unable to compete with them.

I do not care whether **West Coast Transmission** builds the line, whether **Alberta Natural Gas** does, or whether some firm of which I have never heard does. I certainly do not intend, however, to sit back and be a party to us saying "Yes, nominally we will let two or three people have it, but we will say to one outfit that you are practically unrestricted and you can go where you like". We will be saying to another company "Yes, we will give you a charter, but there are a number of definite restrictions as to where you can operate."

Make no mistake about it: everybody wants to see the pipe line—make no mistake about that. However, nobody wants to see the cost of gas delivered to

Vancouver and Trail away above what it should be because we let ourselves be stampeded into something here this afternoon. That is all the time I intend to take here—I do not intend to take part in the argument on the route because that is a matter for the Board of Transport Commissioners.

Mr. HARKNESS: I think Mr. Applewhaite is under a complete misapprehension as to the position of the other company which he mentioned. As has been stated here before, by Mr. Green and others, this company gave an undertaking when they appeared before the committee that they would build the line in Canada.

Mr. APPLEWHAITE: But the committee did not put it in their Act.

Mr. HARKNESS: There was the undertaking. Subsequent to the Act the company has indicated from their whole operation that they intend to build the whole pipe line in Canada and they have submitted another application to do so—

Mr. ROBINSON: Oh now—

Mr. HARKNESS: The other application, before the Natural Gas Conservation Board which has been mentioned several times, has been going on for some months.

Mr. ROBINSON: What about the application before the Board of Transport Commissioners?

Mr. MAYBANK: I would not answer that.

Mr. HARKNESS: It is dead. In any event the situation is before any company can go ahead and apply to the Board of Transport Commissioners they must get the go ahead signal from the Alberta Conservation Board.

Mr. ROBINSON: They actually have two applications before the Board of Transport Commissioners at the present time.

Mr. MAYBANK: Yes, why did they do that?

Mr. HARKNESS: I do not know why they did it.

Mr. MAYBANK: Oh, oh, oh.

Mr. HARKNESS: What I am saying is the company in question, in pursuance of making the application or previous to making application to the Board of Transport Commissioners, has to apply to the Alberta board.

Mr. ROBINSON: That is not right.

Mr. HARKNESS: Mr. Chairman, I have the floor at the moment.

Mr. ROBINSON: Order, on a point of order, Mr. Chairman.

Mr. HARKNESS: I have the—

The VICE CHAIRMAN: A point of order.

Mr. ROBINSON: Mr. Harkness said that previous to making application to the Board of Transport Commissioners this West Coast Transmission Company is taking certain proceedings before an authority in Alberta. I say the correct statement is that these applications have been pending before the Board of Transport Commissioners for a considerable period and probably antedate their application to the authorities in Alberta.

Mr. GOODE: On a point of order? Mr. Harkness made the statement that the application before the Board of Transport Commissioners is dead. Do we understand that he speaks for the company in that regard?

Mr. MAYBANK: What is your authority there?

Mr. HARKNESS: No, I do not speak for the company.

Mr. MAYBANK: What is your authority for the statement?

Mr. HARKNESS: Mr. Chairman, perhaps Mr. Robinson and others might have this cleared up if we went back into history. This other company applied

to the Board of Transport Commissioners shortly after they got the charter for a permit to build a pipe line through the northern part of Alberta to British Columbia. The Board of Transport Commissioners refused to hear the application until they had received a permit from the Alberta board so their next step was to apply to the Alberta board—which they are in the process of doing at the present time.

The VICE-CHAIRMAN: Mr. Harkness would you apply yourself to the amendment?

Mr. HARKNESS: I am merely answering the question asked, and explaining this thing. I am speaking on the amendment.

The VICE-CHAIRMAN: Will you stick to it?

Mr. HARKNESS: I am also speaking in connection with what Mr. Applewhaite said. This application is for a route through the Crow's Nest Pass which, I think, demonstrates conclusively what the intention of the company is. It indicates that the statement made by Mr. Applewhaite in connection with what these people are likely to do is incorrect.

This amendment of Mr. Green's, in my opinion brings us to the crux of the whole situation—the matter which has been debated in the House for the past several months. It is the question of the routes and whether it will be a Canadian route—the matter on which those of us who have been debating the question are chiefly concerned.

Various people who took part in the debate—practically all I think—stated that they were in favour of an all-Canadian route and wanted to take steps to see that an all-Canadian route was followed. A considerable number stated also that they wanted to get the thing through second reading in the House and get it into the hands of this committee so that the matter could be determined. We were to get evidence to determine whether it would be an all-Canadian route or whether it would not be a Canadian route. As Mr. Green has pointed out the evidence we have had does not indicate any firm intention of the company applying for the charter building an all-Canadian route. As a matter of fact, the weight of evidence I would think, would lead one to believe that if they secure permission they will probably build on an American route.

Therefore, I think that every member of this committee who wishes to ensure that an all-Canadian route is followed should vote for the amendment.

Mr. BYRNE: Mr. Chairman, I suppose my objection to this amendment could be substantially the same as my objection to the previous amendment. I refer to the needs of Canada and the Canadian people.

The previous speaker has indicated that the West Coast Transmission Company, which has a charter, has assured the Committee that they would not build anything but an all-Canadian route. He was counting merely on their statement to the committee, which did not go on the record and which did not go in the bill.

Mr. HARKNESS: I made my argument—

Mr. BYRNE: Since that time, West Coast Transmission Company has made application to the Board of Transport Commissioners for Canada. It says here: "West Coast Transmission Company hereby makes application under sections 11 and 12 and other relevant sections of the Pipe Line Act for an order granting leave to the West Coast Transmission Company Limited to construct a pipe line for transporting gas from a point in the vicinity of the city of Edmonton in the province of Alberta to a point in the vicinity of Kingsgate in the province of British Columbia, including a branch line from a point in the vicinity of the town of Kingsgate in British Columbia to the vicinity of the town of Trail in British Columbia. Filed herewith is a map showing the general location.

Dated at Ottawa on the 11th day of May, 1949"—which was at least a month after they had made that so-called promise to the committee.

I come from the area described and I know it well enough to say that they do not intend to stop at Kingsgate. Kingsgate is a little border town and has only the customs and immigration officials there. They would not just make a branch line to Trail. They intend in that application to follow the yellow route—route C.

Mr. SMITH: That was withdrawn long ago.

Mr. BYRNE: If this amendment were one that at least allowed the company if necessary, to follow that black line—

Mr. FERGUSON: What black line?

Mr. BYRNE: The blue line. If you follow the straight and narrow line you will do all right.

As I was saying, following the dark line from Kingsgate down to Spokane and down to the bottom—in a sort of a horseshoe—

An Hon. MEMBER: What about the horseshoe?

Mr. BYRNE: It is so rugged in that area that it is not practical to make anything but a jog down into the United States.

Now, the only town of any consequence that would be missed would be the town of Creston, which is, I suppose, probably eight or nine miles from Kingsgate. A stub line could very easily be brought into Creston—thereby not depriving anyone in that area from obtaining natural gas.

I cannot conceive that my honourable friends are sincere in this amendment in that they are obliging the company not to consider any other but that route—which is route A. I do not think the movers of this amendment are sincere in their efforts to do what is in the best interests of the Canadian people. If so, they would not erase any possibility of even just going back and forth across the line in an attempt to get the gas to the Pacific coast at the very cheapest rates possible.

Now, I say again that I possibly should only have referred to my previous objections but the questions which arose certainly made it necessary for me to say what I have said.

Mr. FERGUSON: Mr. Chairman, the cheapest route is not necessarily the best.

The VICE CHAIRMAN: Routes are out of order.

Mr. FERGUSON: I beg your pardon?

The VICE CHAIRMAN: Routes are out of order.

Mr. GREEN: But Mr. Chairman, is that your ruling?

The VICE CHAIRMAN: You are asking for a route to be located entirely in Canada.

Mr. GREEN: Is the route not in order?

Mr. FERGUSON: Mr. Chairman, my remark was that the cheapest route was not always the best one and you ruled me out of order.

The VICE CHAIRMAN: Yes. The cheapest route is not.

Mr. FERGUSON: If you are able to interpret the second part of my sentence then I think that you would not.

Mr. GREEN: All the discussion is on this amendment.

The VICE CHAIRMAN: The question is whether it will be a route in Canada or outside of Canada?

Mr. GREEN: A question of order?

The VICE CHAIRMAN: Sit down.

Mr. GREEN: You cannot make me sit down if I am rising on a question of order.

The VICE-CHAIRMAN: Yes I can.

Mr. GREEN: No you cannot.

The VICE CHAIRMAN: You did not say you were taking a point of order—at least not when you first stood up.

Mr. GREEN: The amendment that I moved had to deal with that very point. It is to provide that the main pipe line or lines either for the transmission and transportation of oil and gas shall be located entirely within Canada. All of the discussion right up to this point has had to do with the routes and it must necessarily have to do with routes because that is the very question involved.

I submit that when you tried to rule the member for Simcoe...

The VICE CHAIRMAN: He was talking about cheaper rates.

Mr. GREEN: He is entitled to talk about routes and the question of the cost of routes comes into that picture.

Mr. FERGUSON: I think there is also this consideration to be kept in mind should an all through Canada route be adopted, that if that method is carried out we will not have any possible interference from the federal authorities in the United States.

An hon. MEMBER: But have we ever had any?

Mr. FERGUSON: Yes, we have. The additional cost may be off-set by acquiring the positive knowledge that we will avoid interference, avoid remote interference by the federal authorities in the United States as to the use of this gas in the province of British Columbia and in the city of Vancouver. That is why the hon. member for Vancouver-Quadra made this amendment and that is why I support it and why I am speaking in favour of it. Therefore I say that cost was not the entire factor, and that probably it may be ultimately more beneficial to Canadians to have an all Canadian route.

We have asked for an undertaking from the company to the members of the House of Commons and this committee that they will guarantee at all times to see that Canada is supplied before the United States; that is, that Canada is supplied with whatever is necessary. Yet only a few minutes ago the sponsor of this bill refused to give us that guarantee and said: "Oh, no, I won't give it."

After we have spent quite a few days in this committee it ends up with this: that the man here who is representing this company today, Mr. Dixon, wants to give absolutely nothing but wants to obtain a charter for the original purpose that he entered into negotiations with his friends, and that was to obtain all the gas available in Canada and to sell it to the biggest market at the highest possible price. And this statement, I am sure, will not be denied by Mr. Dixon because if I were sitting in his chair, I could not deny it, because it is true. We are here to see that our people are served as we can serve them as members of parliament who can hold back this charter until the people of Canada are served. That is not flag-waving at all. That is common sense.

If a charter is granted, would not the Board of Transport Commissioners say: well, they have been granted a charter so there is little more for us to do except stereotype work. The members of parliament have primarily the greatest responsibility because they are the people who set the bill in motion, and like a snowball from there on it will gather momentum and gather barnacles.

We are being asked to put this bill in motion, and I say that unless we see that the people we represent are protected down to the smallest particle, we should not put this bill in motion. That is the power of parliament, and that power was not given to us simply to act as rubber stamps and to hand our duties over to five men, or to a commission, or to the Minister of Trade and Commerce.

The letters of the Right Hon. Mr. C. D. Howe have been brought forth today and he makes statements which are directly the opposite to those made

by the gentlemen who are working for the charter. I say that we, two hundred members of parliament, should not hand over our duty to a politically appointed gentleman and say: here is the ball; you take the ball but we will be responsible for the touchdown. We are called filibusters simple because we are honestly and sincerely trying to remedy a situation.

The Vice CHAIRMAN: You are certainly out of order, Mr. Ferguson.

Mr. GOODE: Mr. Chairman, with respect to the cost factor, I think Mr. Green has mentioned that the Canadian route would cost about \$48 million more than the American route.

Mr. GREEN: No, no. I did not say any such thing. I said that an all Canadian route would mean the expenditure in British Columbia of about \$45 million more than in the United States.

Mr. GOODE: You mean to be spent in Canada?

Mr. GREEN: Yes, that is right.

Mr. GOODE: Well, let us see who is going to spend that money in Canada? I would like to point out this fact that the evidence has been given and it has not been denied; and I put a question to the effect that the people of the lower mainland of British Columbia are going to pay \$20 million for it during the next twenty years, during the life of that pipe line.

Mr. HERRIDGE: Mr. Chairman, I just want to say that I support this amendment on exactly the same grounds that I supported the first amendment by Mr. Green, urging that this pipe line be first built through Canada before entering the United States. I can quite understand Mr. Robinson getting somewhat confused in this matter.

Mr. ROBINSON: When you can convince me that there are not two applications by west coast transmission people before the Board of Transport Commissioners, then I will admit that I am confused.

Mr. SMITH: I will bet all the money I have got that there are not.

Mr. ROBINSON: I mean two applications which are filed and waiting to be heard following the hearings in Alberta?

An Hon. MEMBER: You are betting all the money you have got?

Mr. SMITH: I said all the money I had.

Mr. HERRIDGE: The remarks made are somewhat out-dated now, Mr. Chairman. The companies which are incorporated are assured that they are going to build an all Canadian route. There was an amendment proposed to the act on the assurance of these gentlemen. Now, Mr. Dixon in giving his evidence before this committee said that the company proposed to submit five possible routes to the Board of Transport Commissioners. Later, on a request of a member of the committee from Alberta he said that he had investigated the possibilities of a sixth route through the Yellowhead Pass, and that is how we had the suggestion for that sixth route.

Mr. SMITH: And that is in northern Alberta.

Mr. HERRIDGE: Yes. Now, Mr. Chairman, it seems to me more of a question of route. He said he did not express any choice, would not express any choice for any one of these routes. He said that he was prepared to build the route that he was ordered to build. Now, there was considerable discussion in the House, as well as in the committee, as to where the route should be built, and in this amendment we are suggesting that parliament give those orders by legislation, and I am quite sure that Mr. Dixon on receiving those orders would build the all-Canadian route.

The VICE-CHAIRMAN: The question is on the amendment. Moved by Mr. Green that paragraph (a) of section 6 of Bill 7 be amended by inserting

after the word "hydrocarbons", in the 28th line, the following "provided that the main pipe line or lines either for the transmission and transportation of oil or gas, shall be located entirely within Canada".

There will be a recorded vote.

The CLERK: Yeas, 9; nays, 24.

The VICE-CHAIRMAN: I declare the amendment lost.

Shall section 6 carry?

Mr. GREEN: I have a question I would like to put on section 6. Might I ask Mr. Connolly why it is necessary to insert that clause the power to hold real and personal property, because in section 7 (b) of the Pipe Lines Act there appears to be exactly the same clause. Why is that power repeated in the charter? You do not repeat any of the other powers given by the main Act.

Mr. CONNOLLY: It is a matter of practice, Mr. Green. It is inserted in this bill and in all the other similar bills; as a matter of fact it is in the Companies Act, too. But as a matter of practice it was felt after consultation with the people concerned, that it was as well to have it there, as it was in the other acts, and it would make for uniformity.

Mr. GREEN: What additional powers would it give the company?

Mr. CONNOLLY: It makes it quite clear.

Mr. GREEN: I mean over and above the powers that are given in the Pipe Lines Act?

Mr. CONNOLLY: It makes it quite clear as to the power of the company to hold real and personal property. I think it is a useful clause to have.

Mr. GREEN: Do you think it goes any further than the similar clause in the Pipe Lines Act?

Mr. CONNOLLY: It might, but it is a practice which has developed among the lawyers which they prefer, and I certainly prefer to have it in.

The VICE-CHAIRMAN: Carried.

Section 7:

Mr. GREEN: Would you explain that section?

Mr. CONNOLLY: Section 7, sir?

Mr. GREEN: Yes.

Mr. CONNOLLY: Yes. The general provisions of the Companies Act that apply to a company incorporated by charter are generally set out in part III of the Companies Act. Now, that part III was designed particularly to cover companies peculiarly suited for incorporation under parliamentary charter. Part III confers, in some cases the powers that a commercial company has in others, it does not. Now, there is some inflexibility in some of these provisions, and for that reason it was felt so far as sections 7, 8, 9 and 10 of the bill were concerned, that certain powers of part I should apply to this company, certain parts of part I are more appropriate for use by a company like this, and the corresponding sections of part III are not really appropriate.

The CHAIRMAN: Carried.

Section 8:

Mr. HARKNESS: As far as section 8 is concerned, why are the sections there indicated deleted so far as this company is concerned?

Mr. CONNOLLY: Section 158 has to do with the preference shares. Section 158 is in part III of the Companies Act; it has to do with the preference shares. It was felt that section 59, which is in part I, and parts of which appear in section 9 of this bill, gave more appropriate powers to this company. This company is more like a commercial company in this respect.

Mr. HARKNESS: Quite, are those in all the other company acts?

Mr. CONNOLLY: Yes. As a matter of fact, there are fewer provisions in this bill than there are in some of the bills, but generally speaking the same treatment has been given all of the bills.

Mr. GREEN: Would you give us a brief explanation of each of those items in section 8?

Mr. CONNOLLY: Yes, I would be glad to. First, section 158 deals with preference shares.

Mr. GREEN: What does that do?

Mr. CONNOLLY: It sets out how the directors can create preference shares and how such preference shareholders can get voting rights in certain cases. There are certain powers required from time to time which have to be obtained through the governor-in-council. The provisions of section 59 are more elaborate than those contained in section 158. Section 59 deals with the same subject matter as section 158.

Mr. GREEN: They deal in—

Mr. CONNOLLY: The same subject matter but not in exactly the same detail.

Mr. GREEN: What about the other two?

Mr. CONNOLLY: 163 is a very short section in part III, which provides that at least 10 per cent of the issued preference shares of a company shall be called each year. These are the redeemable shares. I am informed that that is a section which has been in the Act for many many years and it is rather obsolete from the point of view of present day practice. It has been eliminated here, and I think very wisely eliminated. It is neither a useful nor a practical provision. Section 180 deals with preference shares again, and it is replaced by the provisions of section 59 which is referred to in the previous section of the bill.

Mr. GREEN: With regard to these preference shares, is the position that your company is going to have wider scope in dealing with the preference shares than it would have if it had been incorporated under the ordinary Companies Act?

Mr. CONNOLLY: No, but the effect of this section is that the provisions which ordinarily apply to commercial companies with reference to this matter of preference shares will be applied to this company under the provisions of part I of the Companies Act.

Mr. GREEN: Then the ones you are leaving out are more restrictive than the ones you are leaving in?

Mr. CONNOLLY: I do not think "restrictive" is the word to use. I think from the point of view of practice—you see the first part of the Companies Act was revised a good deal, and part III takes care of other powers—the purpose of the whole thing is simply to make it more workable. That is the point.

Mr. GREEN: What about the other two?

Mr. CONNOLLY: Yes. 180 I think is the next one—no 190. Section 190, and this is from part III, provides in effect, that the company shall not use any of its funds in the purchase of shares in any other corporation unless in so far as such purchase is specially authorized by a special act. The practice in other companies is that when they prosper and move ahead, that is what they do.

Mr. GREEN: Oh, that is the section which permits you to invest funds in your associated companies?

Mr. CONNOLLY: Oh, no—this is only the power to invest—in other companies generally.

Shall section 9 carry?

Carried.

Section 10?

Mr. GREEN: On section 10, Mr. Chairman—that is the provision allowing for commission to be paid on subscriptions covering not only shares but also bond debenture stock and other securities. Are there any arrangements in mind of that type? That section gives you the power—

Mr. CONNOLLY: The power to pay commissions.

Mr. GREEN: What agreements have you in mind? It gives you pretty wide powers?

Mr. CONNOLLY: You say pretty wide powers but it is restricted to 10 per cent—that is the restriction placed upon dominion companies incorporated by letters patent. The authorities in the State Department here will not give you a charter unless you have a restriction of that kind. That is also provided for, I may say, under section 16, part I of the Companies Act. In a practical way—

Mr. GREEN: No, I was asking you whether you have any agreements?

Mr. CONNOLLY: To pay commissions?

Mr. GREEN: Yes?

Mr. CONNOLLY: No.

Mr. GREEN: Are there any being negotiated?

Mr. CONNOLLY: No negotiations.

Mr. GOODE: Is this in every Act?

Mr. CONNOLLY: Yes.

The VICE-CHAIRMAN: Shall the section carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Mr. GREEN: No, on division.

Mr. MAYBANK: Mr. Chairman, Mr. Benidickson is the sponsor of the other bill, the situation respecting which is so very similar to the one which we have been discussing over these two or three days.

Now, I realize that we have had a very great deal of disagreement here but that is natural in the circumstances, I suppose.

However, I do feel that everybody would agree that at least equal treatment should be given to this other company, and the bill is the same bill. I submit to members of the committee that it would be fair to immediately report the other bill of which Mr. Benidickson is the sponsor.

The company is a competitor of this company with which we have been dealing, and a competitor of others. It does seem to me, gentlemen, that what I suggest would be the fair thing to do.

As I say their position is just about the same. They will have different plans and desires and so forth, but the powers they are asking parliament to give them are just the same. It seems to me that we should give these gentlemen who have been sitting here all through this a break by telling them their bill would be reported too.

Mr. GREEN: Mr. Chairman, this is not a question of giving people breaks. We are here as a committee to find out about these applicants for incorporation. The very fact that charters are granted may give promoters very great monetary returns. Our job here is to go into the facts in each case. I certainly do not think that there is any excuse whatsoever for this committee to simply fail to find out about the Prairie Transmission Lines.

Mr. MAYBANK: I just thought you might realize they are in the same position.

Mr. GREEN: We have done our best to find out about the applicants for Alberta Natural Gas Company. We were prevented from doing that as it should have been done by what amounted practically to a closure motion put by Mr. Maybank last night, cutting off the discussion as of 12 o'clock today. That is something that Mr. Maybank and the members who supported him will have to answer for but there is no suggestion that we should give these other people a charter without asking questions and finding out about them. I think it would be a dereliction of our duty and I, for one, would not agree to any action of that kind being taken.

Mr. MAYBANK: I would not wish to press the point to the extent of anybody feeling he was derelict in his duty but I thought we might have gotten away from sitting tonight. Under the circumstances, I suppose, we can deal with it tonight, and tomorrow, and probably get along—

Mr. GREEN: Tomorrow is Saturday.

Mr. MAYBANK: Yes, tomorrow is a good day.

Mr. GREEN: You cannot sit tomorrow.

Mr. MAYBANK: We can.

Mr. GREEN: Not under the rules of the House.

Mr. MAYBANK: Yes, but, as a matter of fact at 11 o'clock tonight it is my intention to move that we sit at 10 o'clock tomorrow. I feel that it is only fair that we should find out all we can and give the opposition a real opportunity to talk as much as they wish. I feel that I myself would not have been derelict in my duty in granting the charter to these people but I would not like to have anyone else feel derelict; so I would move that when we adjourn we resume at 8 o'clock this evening.

Mr. CONNOLLY: Perhaps it is a bit unusual but may I, on behalf of Mr. Dixon, thank you, Mr. Chairman, and the other members of the committee, for the very courteous and patient treatment you have given us during the last three rather trying days.

Mr. McIVOR: I have done a lot of listening but I must say that I admired the stubborn intelligence of the opposition. They brought out a lot of facts and you cannot but admire them. But, do not forget either, that the witness to my left stood against all comers in such a way that he was not even as much flustered as I was.

The VICE-CHAIRMAN: We shall adjourn until 8.15 o'clock this evening.

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Canada, Railways, Canals and Telegraph Lines
Standing Order No. 1350

(SESSION 1950

HOUSE OF COMMONS

Government
Publications

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

BILL No. 9

An Act to incorporate Prairie Transmission Lines Limited.

FRIDAY, APRIL 28, 1950

WITNESSES

Mr. J. G. Edison, Toronto, Parliamentary Agent;

Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.P.M.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950



MINUTES OF PROCEEDINGS

FRIDAY, April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 8.15 p.m. The Vice-Chairman, Mr. H. B. McCulloch, presided.

Members present: Messrs. Adamson, Applewhaite, Byrne, Carroll, Carter, Darroch, Decore, Douglas, Ferguson, Garland, Goode, Gourd (*Chapleau*), Green, Harkness, Herridge, Higgins, Hodgson, Jones, Jutras, Lafontaine, Lennard, Maybank, McCulloch, McGregor, McIvor, Mott, Murray (*Cariboo*), Nixon, Pearkes, Prudham, Riley, Robinson, Rooney Shaw, Smith (*Calgary West*), Ward, Whiteside, Wylie.—38.

In attendance: Mr. J. G. Edison, Toronto, Parliamentary Agent; Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited.

The Committee considered clause by clause Bill No. 9, An Act to incorporate Prairie Transmission Lines Limited.

Mr. Edison and Mr. Gilman were examined.

The preamble and sections 1 to 5 were severally adopted without amendment.

Section 6:

Mr. Green moved:

That section 6 be amended by inserting after the word "thereof" in the fourteenth line, the following: "and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada".

And the question having been put thereon, the said proposed amendment of Mr. Green was resolved in the negative on the following recorded division:

Yeas: Messrs. Ferguson, Green, Harkness, Herridge, Higgins, Jones, McGregor, Wylie.—8.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Douglas, Gibson (*Comox-Alberni*), Goode, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Whiteside.—19.

Mr. Green further moved:

That Section 6 be amended by inserting after the word "oil" in the twenty-ninth line, the following: "provided that the main pipeline or lines, either for the transmission or transportation of oil or gas, shall be located entirely within Canada."

And the question having been put thereon, the said proposed amendment of Mr. Green was resolved in the negative on the following recorded division:—

Yeas: Messrs. Green, Harkness, Herridge, Higgins, Jones, McGregor, Wylie.—7.

Nays: Messrs. Applewhaite, Byrne, Carroll, Carter, Douglas, Gibson (*Comox-Alberni*), Goode, Lafontaine, Maybank, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Riley, Robinson, Rooney, Stuart (*Charlotte*), Whiteside.—19.

Sections 6 to 11 inclusive, the title, were severally adopted and the Bill ordered to be reported to the House without amendment.

On motion of Mr. Carroll:—

Resolved,—That for taxing purposes each share of the capital stock of no par value, shall be deemed to be worth three dollars (\$3.00) and that the Committee so recommend to the House.

At 10.15 p.m., on motion of Mr. Maybank, the Committee adjourned to the call of the Chair.

ANTOINE CHASSÉ,
Clerk of the Committee.

REPORT TO THE HOUSE

FRIDAY, April 28th, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as a

FOURTH REPORT

Your Committee has considered Bill No. 9, An Act to incorporate Prairie Transmission Lines Limited, and has agreed to report it without amendment.

Clause 3 of the said Bill No. 9 provides that the Capital Stock of the Company shall consist of five million shares of "no par value".

Standing Order 93 (3) stipulates the charges to be collected on the declared value of Capital Stock, but no provision is made in that Standing Order for Company shall consist of five million shares of "no par value".

Your Committee recommends that the Capital Stock in Bill No. 9 be deemed, for taxing purposes, to be worth \$3.00 per share.

All of which is respectfully submitted.

H. B. McCULLOCH,
Vice Chairman.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 28, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 8.15 p.m. The Vice Chairman, Mr. H. B. McCulloch, presided.

EVENING SESSION

The VICE CHAIRMAN: Gentlemen, we have a quorum. We are now on bill No. 9, an Act to Incorporate Prairie Transmission Lines, Limited. The first item for consideration is the preamble. Shall the preamble carry?

Mr. GREEN: Oh, Mr. Chairman, I think we should first have a statement.

The VICE CHAIRMAN: Oh, yes, they will give you a statement after the preamble is passed.

Mr. GREEN: No. The procedure followed with the other bill was to have the statement first.

The VICE CHAIRMAN: Well, that is what I was told to do.

Mr. HIGGINS: I think we should have a statement first, Mr. Chairman.

Mr. MAYBANK: The evidence is given on the preamble. Shall the preamble carry? Then we could proceed.

The VICE CHAIRMAN: Yes. Shall the preamble carry?

Mr. ROBINSON: In the unavoidable absence of the sponsor of this bill I would like to introduce to you and to the committee Mr. J. G. Edison, counsel for the applicant, who will be prepared to make a statement on the bill itself.

I listened to Mr. Maybank's remarks before we adjourned at 6 o'clock and also to the remarks of Mr. Green. I feel that both submissions were well taken. In other words, I feel we all want to get ahead with the procedure on this bill. But at the same time I feel that this committee is entitled to an explanation of the purport of this proposed company.

I have had an opportunity of talking to Mr. Edison and to his principal and I can assure you that they are prepared to make such explanations as are necessary. But, as Mr. Maybank has said, I feel that this particular application is very similar—if not practically identical—to the one on which we have spent a good deal of time in this past week; and for that reason I hope that the meetings may be very much shorter. Therefore I introduce to you Mr. J. G. Edison and I ask him to carry on from there.

Mr. EDISON: Mr. Chairman and gentlemen: I represent the applicants for the incorporation of this company the Prairie Transmission Lines, Limited, and without taking up too much of your time I would like to tell you something of the background, and I would also be glad to answer any questions I can with regard to the project which we hope to accomplish if the company is given a charter.

As you are aware, sensational developments in the discovery of oil and gas in Alberta have taken place in the last three years. About 18 months ago, a group of residents in Alberta decided, when the question of exporting gas became an active issue in the province, to see whether or not it would be possible to proceed with a project under which a company would be incorporated to be

owned in Canada by residents of Canada to take advantage of the profits which may be available as a result of the great development in Alberta. A syndicate was formed which was composed chiefly of residents of Alberta together with one man in Winnipeg and one man in Toronto and the services of Mr. W. C. Gilman were retained on a preliminary basis to make a preliminary engineering report, and to indicate whether or not a gas pipe line running west from Alberta was a feasible project. I may say that Mr. Gilman is head of W. C. Gilman and Company of New York City.

As a result of the preliminary report made by Mr. Gilman to the syndicate an Alberta company was incorporated under the name of Prairie Pipe Lines, Limited, and the services of Mr. John O. Galloway of Calgary, a geologist, were obtained to advise the company with regard to all matters having to do with gas supply, because he is an expert in the supply of gas. He is a geologist in Alberta.

And in addition the services of the firm of P. MacDonald Biddison of Tulsa, Oklahoma, were retained to advise regarding construction costs and general construction problems involved in the pipe line. Mr. Gilman's company was invited to proceed further with their engineering studies in connection with this whole project. Conversations were entered into on behalf of the group of incorporators with investment firms in both Canada and the United States and I am authorized to say that in Canada Dominion Securities Corporation will head a syndicate, if this company obtains a licence to build a pipe line, to sell securities of the company in Canada while in the United States the firms of Kidder, Peabody and Company, and White Weld and Company of New York will, correspondingly, undertake the financing involved in the American part of the project, that is, the sale of securities of the American company which have to be sold in the United States.

Kidder, Peabody and Company and White Weld and Company, while it may not be known to you, have in fact financed more pipe line companies in the United States than any other group of companies in the financial business in New York.

I know that a good deal has been said during the discussions in the last few days about an American and a Canadian project and a Canadian pipe line and I would like to say on behalf of the incorporators of this company that their object is to keep the ownership of this company in Canada. Great developments in natural resources of this nature have required large importations of capital from outside the country. But I think that Canada has now reached a stage where Canadian companies which are properly sponsored and properly financed could retain the ownerships of the equity of the company in Canada. Consequently, they have proceeded with their engineering surveys, and Mr. Gilman and the other engineers engaged have been asked to proceed with their engineering studies and surveys looking towards an application to the Board of Transport Commissioners to build a pipe line to the west coast along one of several routes which Mr. Gilman will be glad to describe to you in a moment or two.

The Alberta Company, Prairie Pipe Lines Limited, will own a gathering grid system in that province, if permission is granted, and the company for which we are seeking incorporation will carry the pipe line from Alberta west.

I do not think there is very much more that I can say because you have spent the last three days hearing a great deal about this great project. It was described at one stage by Mr. Dixon who gave evidence before you for the last several days as a horse race. I am here today on behalf of the applicants of this company who are Canadians to ask you to allow a Canadian horse to be entered in this project.

I would like to introduce to you, if I may, Mr. W. C. Gilman who is the consulting engineer of this company, but before doing so I might say, if Mr. Gil-

man would allow me, that Mr. Gilman was born in Canada in the eastern townships of Quebec; that he attended McGill University from 1912 to 1914; that after the outbreak of the first world war he joined the Canadian Army and he served for five years in the Canadian and in the British army; and that upon his return in 1919 he completed his studies at the Massachusetts Institute of Technology; and that he then went to New York to engage in the engineering business where he has now become head of the very large and responsible firm which bears his name in that city today.

Now I am in the hands of the committee, Mr. Chairman, and if there are any questions which you would like to ask me before hearing from Mr. Gilman, I am prepared to answer them; or, it may be that you would like to hear from Mr. Gilman who is present and available.

We have prepared for you a relief map of the province of Alberta, the province of British Columbia, and the adjacent area of the State of Washington. It is a three dimensional map, but it is produced on such a scale that one must get not more than a few feet away from it to examine it. Some of the members of the committee have already seen it, but it might be helpful for the other members to examine it at this time, before Mr. Gilman speaks.

Mr. ROBINSON: I have had an opportunity of looking at this map and I found it very interesting. I am sure that every member of the committee will be very interested to see this relief map at the earliest opportunity. If that were possible now I think it would assist us very materially in getting ahead with our work.

Mr. EDISON: Perhaps we might turn the map sideways, and perhaps the members might come up on both sides of the table to take a look at it. However, I am in the hands of the committee in that regard.

Mr. GREEN: Mr. Chairman, could we not break off for a few minutes to take a look at this map?

The VICE CHAIRMAN: Take it down to the center table so that everybody may have a good look at it.

The VICE-CHAIRMAN: Order gentlemen.

The WITNESS: Gentlemen, may I introduce Mr. Gilman.

Mr. GREEN: Mr. Chairman, how are we going to go about this examination? Are you going to examine Mr. Edison first, or Mr. Gilman?

The VICE-CHAIRMAN: I should think Mr. Gilman first.

Mr. MAYBANK: Mr. Chairman, I would like to make this suggestion; examining one who comes before the committee as counsel for certain principals is not, it seems to me, the apt way of getting information. He is always giving you information that somebody has given him, usually somebody with him; and, probably, unless there is something within his knowledge it is better to ask the principal when we have him. Anyway, people before us are not under oath, and I suggest that all you need to do is to ask the question and whoever can best do so will give the answer. So, Mr. Chairman, I would suggest that the questions be not addressed to either of these gentlemen, but that they just be put and then whoever can best give the answer will do so.

Mr. GREEN: Well, the position with the other company, the Alberta Natural Gas Company, was that Mr. Dixon was the president of the company; he was familiar with all the financial arrangements and so on, and he gave us the information. I was just wondering whether Mr. Edison knew all about the financial arrangements or whether Mr. Gilman was simply the engineer.

Mr. MAYBANK: I would suggest that you just ask your questions and the one who can answer best will do so. Would you not think that would be the best way?

Mr. GREEN: That might be the best way.

Mr. W. C. Gilman, Consulting Engineer for Prairie Transmission Lines Limited, called:

The WITNESS: Mr. Chairman and gentlemen, we have built four pipe lines, and we have made detailed studies of these proposed pipe line routes for delivering natural gas from Alberta to the Pacific coast markets. We have been all over the territory. We have made market surveys and studied the terrain and the topography and have made cost estimates covering two alternative routes. One of those might be called the all-Canadian route and the other the American route. Now, the Canadian route proceeds through the Crow's Nest Pass to a point called Yabk, westerly from there to Trail, and then generally along the northern side of the international boundary to Princeton and Hope, and will continue to Vancouver. From there a spur line will extend south into the United States to Bellingham, Seattle, Tacoma and Portland, and so on. Along that Canadian route there would also be a spur to serve Spokane, Washington; and another spur would extend from there to the Okanagan Valley and down to Yakima, the Hanford works, also to Walla Walla and Pendleton. The alternative route is a route which also starts near Pincher Creek or Macleod, Alberta, and extends down through the Crow's Nest Pass and crosses the international border at Kingsgate it then continues on down to Spokane and across the northern Washington plain to Wenatchee and through the Cascade Mountains at Steven's Pass to a point in Washington from which a spur goes north to Vancouver, and south to Seattle, Tacoma, Olympia and Portland; and along that line—that American route, there is a spur from near Spokane to go up Steven's Valley, and serve Trail, British Columbia and nearby territory.

As I say, we have made a cost estimate of these lines, but I should say that we have not as yet made any detailed study or survey of the Yellowhead Pass route. I have been through the Yellowhead Pass route by rail and I have some general knowledge of that terrain. In our earlier investigations we arrived at the conclusion that it was an expensive line and would be quite difficult to maintain, so we concentrated our activities on lines which we thought at the time were more feasible, and we proceeded with detailed cost estimates on those lines. I was about to say that we are prepared to and will continue to study routes. As soon as the weather opens up we will send engineers up into the Yellowhead route and make a more detailed and extensive study of the terrain, and estimate the costs along that route. Incidentally, our hearing before the Alberta Board is set for October 9, so we have plenty of time this spring and summer to do that work.

Our estimates of the cost of the construction of the line include this extra gathering system within the Canadian route which I have just described, and that cost would be about \$90,000,000. Our estimate of the cost of the route which I have mentioned and described as the American route is \$66,400,000.

We made estimates of the potential requirements of gas in the various areas to which we expect to go. We have no idea of establishing quotas for gas. Our system will be established to sell as much gas as any customer can possibly take, and that is looking ahead for some time into the future. Our estimates are based on that very fact, on the basis of possible future sales in that particular area—whether it be Vancouver or Seattle or whatever point may be concerned. Our estimate of the amount of gas that we will sell in a five-year period is around 68 billion cubic feet. Our estimate of the delivery of gas on a maximum day would be about 249,000,000 cubic feet. We estimate that after the line has been in operation for a reasonable length of time we will operate at 75 per cent of load factor. Our market surveys as to the potential sales of gas have been after talks with the utility companies in the area, and study by our own engineers on an independent basis. The larger utility companies are the Portland Gas Company

in Portland and the adjoining area, the Seattle Gas Company in Seattle, the Spokane Gas Company in Spokane, and the B.C. Electric Company in Vancouver and the Fraser Valley areas nearby.

Now, Mr. Chairman, I would be glad to answer any questions. I have tried to run through the high spots and to tell you of our routes, our estimates of costs and our estimates of sales, and now I would be glad to answer any questions you may care to ask.

Mr. GOODE: Mr. Chairman, might I just ask the witness what his name is?

The WITNESS: William C. Gilman.

By Mr. Goode:

Q. Mr. Gilman, are you in any way associated with the West Coast Transmission Company Limited or the Alberta Natural Gas Company?—A. No, sir.

Q. Did you have any connection with the preparation of their application?—A. No, sir.

Q. Now then, in regard to the all-Canadian route to which you referred, and I think you said the cost was going to be something like \$90,000,000, are you familiar with the fact that it is going to be very difficult to build that line up the Hope River Valley?—A. It is going to be a very difficult piece of construction, as I have indicated. Our estimates are that it would cost about \$24,000,000 more than the other route, but we believe at the moment that it can be built, and we are going to continue with our studies and make further investigations to make sure of that.

Q. I will develop that in just a moment, but before we approve this application of yours for a charter we must be sure in our own mind that we have some reasonable basis for believing that it will be possible to build it. Are you sure in your own mind that the line can be built up the Hope River Valley there?—A. No. We are going to study that further this summer.

Q. What do you think the possibilities are of building that line up through the Hope River Valley?—A. I would hate to say the odds, because it involves a difficult bit of construction work. We are going to send our engineers in there on foot this summer and have them make a survey of all that territory. We have been through that territory but we have not been through it on foot, and we are going to do that this summer.

Q. How do you base your cost of the all-Canadian route at \$90,000,000?—A. By estimating the cost of the construction of a mile of route. Considering the special practices involved in difficult terrain you take your mile rate, and on that basis you work out an educated guess at what the cost would be.

Q. And you know that building the line up through that Hope River Valley country, from Hope to Princeton there, is going to be very difficult and very expensive? No doubt you know that it cost \$12,000,000 to build the highway there from Hope to Princeton, and that it was a very difficult piece of construction work?—A. It was, yes.

Q. I want to develop that idea. You say the cost of the Canadian route should be \$90 million or more and the cost of the United States line should be approximately \$66 million, as you gave it. If the all-Canadian route is built, what would be the total additional cost in dollars per year to the lower mainland of British Columbia in the price of gas?—A. Well, I would say that it might be fifteen to twenty-five per cent more than would be the cost via the southerly route which is easier to construct and cheaper and easier to maintain and keep in operation.

Q. We have a figure from other sources of between \$750 thousand and \$1½ million per year. Do you consider that figure fair?—A. Yes, I have heard that figure. I would say that that is reasonable.

Q. I have also these figures. A pipe line built over the all-Canadian would at least have a life of twenty years—I know there would be more to it and I have based other questions in another case on another figure.—A. Twenty years would be the minimum.

Q. Would I be correct if I said that the penalty to the lower mainland of British Columbia over a twenty year period would at the minimum be \$20 million if the line is built all-Canadian?—A. Other things being equal, that is right.

Q. Would you agree to that figure?—A. Yes.

By Mr. Smith:

Q. You have made no examination of the all-Canadian route. You do not know whether a line can be built between Hope and Princeton or not, do you?—

A. No.

Q. Why are you giving us figures in millions per year to the lower mainland in British Columbia when you have nothing to base it on at all?—A. It is just an engineering guess of the cost of construction.

Q. What do you mean by an engineering guess?—A. Well, all estimates are guesses.

Q. It is a pious hope because you like the southern route?—A. No, we have no preference at all.

Q. You do not know anything about this and yet you have no preference? Let us be honest about the thing. Did you read the evidence given in Calgary in connection with the application of the Westcoast Transmission?—A. Yes, I was there.

Q. You heard the evidence carried foot by foot almost along the whole route, didn't you? You heard how much was flat country, you heard how much was rolling country, you know how much was mountainous, you heard how much was rock work didn't you—from people who walked every foot of it? Do you know Mr. Poor?—A. I was there and I heard that evidence.

Q. —the most famous construction engineer in North America?—A. As a matter of fact the engineers did not know where the line was going to be built.

Q. Nonsense.—A. Well read the record.

Q. I have read the record and that is the reason I am speaking; and I am sure you have not.—A. I was there all the time.

Q. In Calgary all the time?—A. Yes.

Q. I do not know how I missed you, a distinguished looking gentleman like you.—A. I did not see you there either.

Q. The answer to that is I do not know why you should have.

We will go on further: you have made no surveys whatever in the Yellowhead Pass route?—A. No.

Q. So you do not know what the cost will be to take gas via that route, do you?—A. No.

Q. So you are talking about saving these hundreds of millions over a twenty year period and you have no basis for comparison at all, have you, with the Yellowhead route?—A. I was not making a comparison with the Yellowhead route.

Q. You were making a comparison with the route through the United States and the southerly route in Canada?—A. That is all.

Q. You have no comparison with the Yellowhead route?—A. I have seen all the exhibits and estimates filed in connection with the Westcoast application and I heard the testimony and I have all the figures.

Q. You have the figures, then?—A. Yes.

Q. You should know something about costs on that route?—A. I know their estimates.

Q. All right, what are they?—A. I have the whole story here, if you would like to hear it.

Q. How much do you say, using their figures? Oh, do not bother answering that. That is all. Thank you.

By Mr. Decore:

Q. In connection with the Yellowhead route the only observation you made was when you went through by train?—A. That is right.

Q. Now, I just want you to answer this question, how fast was the train going when you were making those observations?—A. Oh, about twenty to twenty-five miles an hour.

By Mr. Goode:

Q. Mr. Smith asked you to produce the figures for the Westcoast Transmission Company. I would like to have those figures placed on the record?—

A. The cost figures submitted by the Westcoast Transmission Company in the recent hearing in Alberta, for the cost of their main lines system, of course, which does not serve Spokane—

Mr. McIVOR: Before Mr. Smith leaves—

The VICE-CHAIRMAN: Order, order.

The WITNESS: (continuing) The figure is \$92,210,000.

By Mr. Goode:

Q. That was for the Canadian route?—A. That is the cost of the Yellowhead route which was introduced by the Westcoast Transmission and of course that cannot be directly compared with those costs which I have mentioned because that does not include any line to serve the markets which we serve—the Spokane market, the Trail market, the Hanford market.

Q. This is very interesting and it is the first chance we have had to get these figures. What did that \$92,210,000 cover? Did it cover the grid in Alberta and—A. No, it did not.

Q. It covered the line from where to where?—A. From a point near Edmonton through the Yellowhead Pass down to Princeton, Hope, Vancouver, and on down to Portland.

Q. I would not have brought this up but Mr. Smith asked for it. Could you tell me from your own memory, whether they said they could build a line through the Hope-Princeton territory?—A. Yes, they did.

By Mr. Applewhaite:

Q. Did that figure include service to any Peace River towns?—A. No, it did not.

By Mr. Green:

Q. Well now, Mr. Gilman, do you agree with the evidence that was given on the other hearing that there would be only one pipe line built; that the market was only big enough for one pipe line?—A. For the immediate future I would say yes.

Q. What do you mean by the immediate future?—A. For the next few years.

Q. What do you mean by the next few years?—A. Probably five.

Q. You think that in five years there will be a market large enough for a second pipe line?—A. There might be.

Q. You are an engineer and engineers are supposed to make a pretty careful estimate. Is that your guess as an engineer—that there will be a large enough market for a second line?—A. No, I said there might be.

Q. No, I am asking if there will be a market in this district for a second pipe line within five years?—A. There might be, yes.

Q. There will—

Mr. MAYBANK: He did not say "will be", he said, "might be".

By Mr. Green:

Q. You will not go any further than to say there might be?—A. That is as far as I will go, yes.

Q. Because the witness in the other case did not put it anything like that close, and this is the first time I have heard a responsible engineer make a statement that he thinks there will be a market for a second gas line in five years.—A. It might take the form, of course, of duplicating a then-existing line, getting a duplicate of that line.

Q. I see.

Mr. MAYBANK: I wish to register an objection, Mr. Chairman, and I think Mr. Green will agree with it when I state it. The witness made a statement of this sort—that there would not be any probability of a pipe line in the immediate future, and he brought that down to about five years. Then, in answer to another question, he admitted there might be a second line after that time. Now, Mr. Green, in the next question said, "this is the first time I have heard an engineer say that he thinks there will be—" You see the difference. I am sure Mr. Green did not consider the difference between the expressions at the time he was using them, because I do not think he has any desire to put words into this man's mouth. These two statements are entirely different. Leave the guess as it is and do not try to make it a statement.

Mr. GREEN: I am prepared to leave it as a guess.

Mr. MAYBANK: That is all right.

By Mr. Green:

Q. Have you made any calculations as to what the gas is going to cost the people in Vancouver?—A. Yes, we believe that in taking gas along what we call our all-Canadian route the delivery cost at the western terminus of the line will be about thirty-five cents per M.C.F.—exclusive of the cost of the gas in Alberta; and, along the more southerly route—the cheaper route—a little over thirty cents per M.C.F.

Q. Do you follow the same system that Mr. Dixon followed of charging the same price for your gas in all of these cities, Vancouver, Spokane, Portland, Seattle?—A. Well, we have given no consideration to the rates which should be charged. That is going to be subject to a great many other considerations. We have only made these computations to indicate what it is going to cost us to take the gas to market. We have not made any estimates of the rates which will be charged.

Q. You have made no estimates of the rates which will be charged?—A. That is right.

Q. Do you work on the same basis as Mr. Dixon, that you charge the same rate in Spokane as you do in Vancouver?—A. We have formed no judgment in respect to that at all. That is the generally accepted practice of the American pipe lines south of the border, but we have not tried to make any computations as to what our rates will be. There are so many questions that are unknown.

Q. How are you able to give a figure on what the rate is going to be in Vancouver then?—A. We have not had an opportunity to talk to anybody in Vancouver about the rates—nor has anybody else, as a matter of fact. You cannot talk to these companies when you do not know what your cost will be.

Q. You just gave me a figure a few minutes ago of 35 cents and 30 cents?—A. That was an estimated cost of moving the gas from Alberta to those points—to the terminus of the line, as I said.

Q. Well then, what will the gas cost in Vancouver?—A. I do not know. I told you what it will cost to haul the gas. We do not know what our purchase cost of gas in Alberta is going to be.

Q. The evidence given on the Westcoast Transmission application in Alberta was to the effect that their gas going up the Yellowhead route would cost in Vancouver, 29·2 cents?—A. That was just their delivery costs. They did not say what their gas was going to cost in Alberta.

Q. Yours is going to cost 35 cents in one case and 30 cents in the other?—A. That is right. It is over 30,—30·7, as a matter of fact.

Q. Then the Westcoast Transmission apparently plan to charge the United States cities an additional 6·4 cents?—A. I never knew they said that. They produced this exhibit which showed their cost of delivery. I did not, however, understand that they proposed that as the rate.

Q. I would like to ask you or Mr. Edison whether you people are prepared to give any pledge that if you get this charter you will build an all-Canadian route?—A. I do not know that we—

Q. I would like to get that answer from Mr. Edison because Mr. Gilman is merely the consulting engineer?

MR. EDISON: No, I cannot give that pledge, Mr. Green. We want to get in this horse race. This is a very big project. If the Board of Transport Commissioners, or Mr. Howe, or anyone else says that only a Canadian route will be built, we would like to build it. We are Canadians. We want to own this company. We want to build a Canadian route, if it is economical, and the most feasible route to build. I do not think I can say more than that.

MR. GREEN: You see, we are in this position: a similar committee on railways, canals, and telegraph lines of the last parliament obtained a pledge from the Westcoast Transmission Company a year ago that they would build by an all-Canadian route. Now, are you or are you not prepared to give the same pledge?

MR. EDISON: Mr. Green, I am glad that you asked me that question because I was present at the House of Commons one night when you made that statement. I personally went down to the Board of Transport Commissioner's office the next day and I think that if they gave that pledge in this committee last year, that it must have been given on April 29th. I looked it up and found that was the date they were before the committee. On May 11th, twelve days or thirteen days later, they filed with the Board of Transport Commissioners an application to build an American route which is exactly and identically our southern and American route here. As far as this company is concerned, the only right I am asking for this applicant is that they be put in the same position as Westcoast Transmission.

I do not intend to give an undertaking tonight that we will not build an American route, and then walk down to the Board of Transport Commissioners two weeks from now and file an application to build on an American route.

MR. MAYBANK: Your horse scratched itself.

MR. GREEN: Have you ever done such a thing in your legal practice as filing caveats?

MR. EDISON: Not when I gave an undertaking not to do so.

MR. GREEN: Mind you, if Westcoast Transmission break their pledge they will be very much in the wrong, and in trouble.

MR. MAYBANK: What kind?

Mr. GREEN: I am not condoning any application for going by a U.S. route but there is such a thing as filing a caveat of that kind because other people were filing. I understand that the fact is that the royal commission did not proceed with the application and it is now off the books?

Mr. EDISON: Mr. Green, the last time I saw it was three weeks or a month ago and it was still there.

Mr. GREEN: You know they went ahead before the Board of Transport Commissioners with the other application for Yellowhead?

Mr. EDISON: Not before the Board of Transport Commissioners.

Mr. GREEN: They went ahead but it was adjourned until after the Alberta decision was made?

Mr. EDISON: You are right—that is correct.

Mr. GREEN: They are actually involved in an application for Yellowhead at the moment?

Mr. EDISON: They are, sir, but I would say that as far as their status before the Board of Transport Commissioners is concerned and I say this in my capacity as a lawyer, the applications for Yellowhead and for the American route are in exactly the same position.

Mr. GREEN: I understand that is not the case?

Mr. EDISON: Well, legal opinions may differ, but that is my opinion.

Mr. GREEN: They have proceeded with the application for Yellowhead but they were told that they would have to come back after they got a permit from Alberta?

Mr. EDISON: If that were so then I do not understand why they have not withdrawn the application before the Board of Transport Commissioners for the American route.

Mr. FERGUSON: They have.

Mr. DECORE: When was it withdrawn?

Mr. GREEN: Mr. Edison—

Mr. DECORE: When?

Mr. GREEN: There is quite a minor argument—

Mr. MAYBANK: Do not mind the static, just go ahead.

Mr. GREEN: Mr. Edison, you mentioned a few moments ago about routes being economically feasible?

Mr. EDISON: Yes, sir.

Mr. GREEN: What do you mean by economically feasible? You have the facts in this case? How do you say whether a line through Canada is economically feasible or not?

Mr. EDISON: Mr. Green, I have not got the facts in this case and I do not pretend to be an engineer. After all the studies are in and all the evidence is presented to the Board of Transport Commissioners, and after the hearings are completed in Vancouver, then it will become evident to this company and some other companies which route, in the final analysis, is economic having Canadian considerations in mind.

Mr. GREEN: Where do you make the difference between one route being economically feasible and another route not being economically feasible? You and your associates are in this business; there is a lot of money in it; it is an expensive proposition. You have had one of the leading men from New York come to Canada to make surveys. It must have cost you a lot of money to do that. Now just where do you say that the line is or is not economically feasible?

Mr. EDISON: I cannot draw the line exactly for you but you will realize that there is a point in the cost of construction—when the line cannot pay for itself having regard to the market. Consequently the securities,—the bonds—cannot be sold on the market to finance the project. I cannot tell you where that point is.

Mr. GREEN: That is a very important point. You must have gone into it very carefully with your experts. Where is that point in this case?

Mr. EDISON: I cannot tell you.

Mr. GREEN: You have not made any inquiries?

Mr. EDISON: Certainly, we have made inquiries.

Mr. GREEN: About how much can you spend on the all-Canadian route and still have it economically feasible?

Mr. EDISON: Mr. Green, until we are in a position to present complete costs studies to the Board of Transport Commissioners and have some idea of the costs which are going to be allowed, and secondly and more important—the cost at which we are going to be allowed to buy gas in Alberta—the Alberta board has not fixed that rate yet—we cannot tell you what the point is. To take an absolutely absurd example, if the petroleum and natural gas conservation board in Alberta, for reasons known to itself—and I am taking an absurd example—were to say to us that the cost was 50 cents per MCF, we would say that no line was economically feasible. If they fixed the cost at 5, 6, 8, or 10 cents then the total cost of the line becomes a matter of calculation when you know the estimated cost of construction. I cannot go farther than that.

Mr. GREEN: You have had your estimated costs—you have got your figures already, and you have been negotiating with financial firms in New York; you are associated with financial firms there; you know whether you consider this line by an all-Canadian route to Vancouver to be economically feasible or not; and I want to have the information from you.

Mr. APPLEWHITE: He is only a solicitor.

Mr. EDISON: I cannot answer that question, Mr. Green.

Mr. GREEN: Your engineer is claiming it is going to cost you \$23,500,000 more to go by an all-Canadian than to go by an American route? Now do you think it is economically feasible to build an all-Canadian route or do you not?

Mr. EDISON: Mr. Green, I cannot tell you. I have not got all of the factors in front of me. Besides, it is not my business. I am endeavouring to give you an opinion as a lawyer, but if you tell me what the cost will be for gas in Alberta I will give you an educated guess.

Mr. GREEN: Set it at whatever figure you will have to pay for gas in Alberta?

Mr. EDISON: I do not know.

Mr. GREEN: Set it for the highest and the lowest figures you will have to pay?

Mr. EDISON: I could not even fix those figures—and I would very much like to know.

Mr. GREEN: You will not say whether it is economically feasible or whether it is not economic to run a gas line into Vancouver by an all-Canadian route?

Mr. EDISON: I will say this: I hope it is economically feasible because my clients are Canadians and they would be glad to build it that way if it is economically feasible.

Mr. GREEN: You are not prepared to say that in the opinion of your associates it is feasible?

Mr. EDISON: I cannot say that today. I want to get a charter and get things straightened—

Mr. GREEN: When did you decide you might build by an all-Canadian route?

Mr. EDISON: We have always had it in mind—from the beginning.

Mr. GREEN: Well, when you put in your petition to this House did you?

Mr. EDISON: We advertised the American route.

Mr. GREEN: About two months ago?

Mr. EDISON: If you will read the petition you will see that we described the American route "or such other route or routes as may be acceptable to the Board of Transport Commissioners". If you will read the petition you will see that it is there.

Mr. GREEN: I have a copy of your petition here.

Mr. EDISON: Then, if you will be good enough to read the last paragraph you will see it.

Mr. GREEN: Here is what you say—"to construct, maintain, own, operate and use a pipe line or pipe lines to transport natural and artificial gas or oil in the provinces of Alberta and British Columbia commencing at a point in the general Calgary area in the province of Alberta and thence, to a point in the vicinity of Blairmore in the said province and thence to a point in the vicinity of Kingsgate in the province of British Columbia, thence to the United States of America leaving Canada at a point at or near Kingsgate in the province of British Columbia, and re-entering Canada in the vicinity of Blaine in the state of Washington, and proceeding north to the Vancouver area in the province of British Columbia or to the said destinations by such other route or routes as may be authorized by the Board of Transport Commissioners".

Mr. EDISON: That is what I said.

Mr. GREEN: At the time you filed the petition that was the route you wanted?

Mr. EDISON: No, I would not say that, sir. I would say that at that time and acting on the advice available at that time—

Mr. APPLEWHATIE: Mr. Chairman and members of the committee: in the interests of my friend Mr. Green, as well as those of us who are trying to follow both questions and answers, would you please keep some semblance of order?

Mr. GREEN: As I was saying, in February when you filed your petition in this House you filed for the American first route?

Mr. EDISON: I do not agree with that. We described the American route as one of the routes that we were applying for and we said "or to the said destination by such other route or routes as may be authorized by the Board of Transport Commissioners."

Mr. GREEN: Now, Mr. Edison, you have to draw that a long way to say that you were putting your all-Canadian route on the same basis as the all-American route?

Mr. EDISON: Well, perhaps I do.

Mr. GREEN: You only named one route in the petition?

Mr. EDISON: I only did that.

Mr. GREEN: When you applied in the Senate last fall you did the same thing, did you not?

Mr. EDISON: That is quite true.

Mr. GREEN: And you filed maps in the Senate last fall which showed only this all-American route?

Mr. EDISON: That is quite true.

Mr. GREEN: And it is pretty obvious if you could possibly achieve that objective you want to build by an all-American route?

Mr. EDISON: I do not agree with that inference. I have stated earlier in this committee that my instructions from the Canadian gentlemen whom I represented here are that if a Canadian route is economically feasible they would prefer a Canadian route. Now, if it is not, they would like to be in the pipe line business anyway—but I have said that three times.

Mr. GREEN: You are not prepared to give any explanation of what you mean by economically feasible?

Mr. EDISON: I have said everything I can in that regard, Mr. Green. You and I probably will never agree on that question.

Mr. GREEN: What about the Yellowhead route?

Mr. EDISON: What about it?

Mr. GREEN: Are you not intending to apply on that route?

Mr. EDISON: Mr. Green, we are starting a party to make a detailed survey on the Yellowhead route to test the figures submitted by Westcoast Transmission to the Alberta board and, after our engineering reports are in regarding that route, the company can make some decision about it.

Mr. GREEN: When you go to the Alberta board which route are you going to ask for?

Mr. EDISON: If I could tell you what was going to happen next October I would be a very fortunate man.

Mr. GREEN: That is right, but when you go to the Alberta board you will have to ask for one of the routes? You will have to name a preference for one; which one are you going to ask for?

Mr. EDISON: I do not know. I do not have to go to the Alberta board until next October and we hope to have a survey of all routes by that time.

Mr. GREEN: Is your answer the same for the Board of Transport Commissioners?

Mr. EDISON: Yes.

Mr. GREEN: You have learned something from hearing the evidence of the Alberta Natural Gas applicants. I can see that. They are going to go to the Board of Transport Commissioners and they are going to throw in five routes.

Mr. LAFONTAINE: No, six routes.

Mr. GREEN: They are going to throw in five routes and they are going to say: We do not know what to do about this so you tell us where we are going to build? And when the members from northern Alberta got on their trail here in the committee yesterday morning Mr. Dixon added another route to please them. So now he is going to go to the Board of Transport Commissioners and throw in six routes. And you, apparently, are going to do the same thing. You are going to go there and throw in three routes, one which is all American, one which is all Canadian, and then the Yellowhead route, in order to please the members from the vicinity of Edmonton. That I think is a fair summary of your evidence.

Mr. EDISON: I do not think it is a very fair summary.

Mr. GREEN: Why?

Mr. EDISON: You have made a five minute statement with which I cannot agree.

Mr. GREEN: Well, what is unfair about it?

Mr. EDISON: I say that is not a fair summary.

Mr. GREEN: I do not mind you saying that but will you tell me why you think it is unfair?

Mr. EDISON: Well, if the reporter would read it all back you would see that you have combined about fifteen statements, and you just wound up by saying: is that a fair statement?

Mr. GREEN: I do not want to take up the time of the committee on this matter any further. I would simply point out that you have shown, by filing your petition and the maps of the routes you want, that you prefer the American route. Now, I would like to get from either you or from Mr. Gilman the mileage which there will be in Canada from Pincher Creek to the coast on these two alternative routes through the Crow's Nest Pass?

Mr. EDISON: Mr. Gilman can give you that, I think, Mr. Green.

The WITNESS: The mileage on the main line on the American route is 586 miles; and on the laterals it is 744 miles.

Mr. GREEN: No. What I want to get, Mr. Gilman, is the mileage in Canada and the mileage in the United States from Pincher Creek on your two Crow's Nest Pass routes?

The WITNESS: I will have to ask my assistant to pull that out of the figures.

Mr. GREEN: But you can get it for me.

The WITNESS: Oh, yes.

Mr. GREEN: And at the same time I would like to get from you the respective amounts that will be spent in Canada on those two routes. Have you got that information available?

The WITNESS: Those figures are here and he will pick them out.

Mr. GREEN: How does the size of your pipe compare with the size of pipes given by Mr. Dixon?

The WITNESS: I do not remember all those details. I do not remember the sizes. We have got a map which shows our sizes.

Mr. GREEN: What are your sizes?

The WITNESS: The main line is 24 inches; the laterals are of different size: 18 inches, 16 inches, 12 inches and 8 inches.

Mr. GREEN: Can you give me a summary of what they would be?

The WITNESS: By each lateral, yes. I can dig that out of the papers.

Mr. GREEN: Perhaps your assistant could get that for us as well.

The WITNESS: The Trail lateral is 10 $\frac{1}{2}$ inch pipe. The Bremerton is 10 $\frac{3}{4}$ inches. The Yakima is 10 $\frac{3}{4}$ inches. The Walla-Walla is 8 $\frac{5}{8}$ inches; the Pendleton is 6 inches, and there are a number of others.

By Mr. Green:

Q. You are planning to go a good deal further south than Alberta Natural Gas; you are going right down into Pendleton and eastern Oregon?—A. Yes, through a small spur line.

Q. And you will get your gas into Eugene in Oregon as well.—A. We deliver gas at Portland. We have nothing to do with Eugene at all.

Q. And Portland services Eugene?—A. We sell the gas at Portland.

Q. And they service Eugene?—A. Yes.

Q. Perhaps I should ask Mr. Edison how you are planning to conduct your operations in the United States. Are you forming another American subsidiary over there?

Mr. EDISON: Yes. We intend if and when this company gets a charter, to form a Delaware Company, to incorporate a Delaware company in the United States to own, as required under the American law, that section of the line which is physically present in the United States.

Mr. GREEN: And you have a third company for the grid system in Alberta?

Mr. EDISON: Yes; and that company is already in existence.

Mr. GREEN: Do the figures which you have given, by the way, include your grid system or are they solely on the cost from Pincher Creek to the coast?

Mr. EDISON: That is all Pincher Creek to the coast.

Mr. GREEN: How do you get around the problem of making sure that if your gas goes through an American line it gets back to Vancouver at the end of the line?

Mr. EDISON: As I understand it, but I speak only as a lawyer, there would be a contract entered into at Vancouver which would provide that the capacity of the line would be such as to guarantee the supply of gas to Vancouver.

Mr. GREEN: Is that all the protection which Vancouver would have?

Mr. EDISON: They would have an agreement to that effect which would be a constituent part of the application to the Federal Power Commission in the United States; a constituent part of the license to operate in the United States which would be granted by the Federal Power Commission. In other words, I think in that regard this company, as I understand it—but I do not pretend to be an expert in American law—I understand an arrangement of that kind can be made between the Board of Transport Commissioners and the Federal Power Commission in the United States much along the lines which Mr. Dixon—

Mr. GREEN: Between whom?

Mr. EDISON: I mean an arrangement could be entered into between the Board of Transport Commissioners and the Federal Power Commission.

Mr. GREEN: You mean the Board of Transport Commissioners for Canada?

Mr. EDISON: Yes.

Mr. GREEN: Do you, as a lawyer, say that the Board of Transport Commissioners for Canada can make an agreement with an American government board? You know that is absurd.

Mr. EDISON: No, I do not say that at all. You go to the Board of Transport Commissioners with a project to build a line in Canada and the United States, and you offer your proposals in that regard and get a permit from the Board of Transport Commissioners to take the gas into the United States at some point.

Mr. GREEN: You mean that you get a permit from the Canadian Board of Transport Commissioners to build a line to the Canadian boundary at a certain point?

Mr. EDISON: Yes.

Mr. GREEN: Then what happens?

Mr. EDISON: The company would have a contract with the city of Vancouver to supply gas.

Mr. GREEN: Do you mean with the city of Vancouver or the British Columbia Electric?

Mr. EDISON: With the British Columbia Electric, with a public utility.

Mr. GREEN: Which company would have it?

Mr. EDISON: I should think it would have to be negotiated by one company and assented to by the other.

Mr. GREEN: You mean your American company?

Mr. EDISON: I think that the company would have a contract with the American company which would have to operate it.

Mr. GREEN: And with the distributing company in Vancouver.

Mr. EDISON: Well, the distributing company would be the company with whom the contract was made.

Mr. GREEN: And the Federal Power Commission in the United States would give you permission to enter the United States?

Mr. EDISON: Yes.

Mr. GREEN: And they would say where the line was to go in the United States?

Mr. EDISON: They would have to approve the plan.

Mr. GREEN: They would have complete control of the line once it crosses the boundary.

Mr. EDISON: That is quite correct.

Mr. GREEN: Have you checked to see if there is any treaty between Canada and the United States covering these lines which might cross the boundary?

Mr. EDISON: I have not checked personally, but I know of no treaty. I have had second hand information given to me that there is no treaty in existence at the moment.

Mr. GREEN: So all we could rely upon in Vancouver would be a contract between your company and its American subsidiary and the British Columbia Electric Company?

Mr. EDISON: It would become a constituent element in the permit granted by the Federal Power Commission. All the gas would go into the United States on the basis that this contract was entered into, namely that Vancouver had been guaranteed certain rights; and the building of the American section of the line would be approved on that basis.

Mr. GREEN: Once that gas crosses the boundary Canada has no control over it.

Mr. EDISON: Canada can always shut it off.

Mr. GREEN: But Canada has no control over the line or the gas once it crosses the boundary.

Mr. EDISON: That is quite true, but it doesn't mean anything if I can enter into some agreement which is approved by the Federal Power Commission; and if it should be abrogated or changed the remedy from the Canadian end would be simply to cut off the gas. Canada could cut that gas off at the border.

Mr. GREEN: But it meant quite a lot in the Windsor district, did it not? They had a contract of that type?

Mr. EDISON: I do not think they had a contract of that type.

Mr. GREEN: My instructions are that they were cut off.

Mr. EDISON: No. The gas in the Windsor area did not come from Canada.

Mr. GREEN: No, of course not. It came from the United States.

Mr. EDISON: Of course it did.

Mr. GREEN: And it was cut off and it is cut off now.

Mr. EDISON: I do not know, but I do not think that is a parallel situation because the source of the gas in this case is not Canada, and if we cut off the gas first, then they cannot cut it off.

Mr. GREEN: Well, if it gets cut off twice, we certainly are not going to get any in Vancouver.

Mr. HARKNESS: Once would be enough.

Mr. GREEN: Now, who are the individuals behind your company?

Mr. EDISON: Well, seven of them are named as the incorporators in the bill. There is Mr. Hales Hingston Ross, of Edmonton.

Mr. GREEN: Those are all Alberta people?

Mr. EDISON: That is correct.

Mr. GREEN: Did you not say that you had eastern Canadian people and Americans behind you?

Mr. EDISON: I did not say anything about Americans.

Mr. GREEN: You have an American company doing your financing?

Mr. EDISON: We have entered into an arrangement with American security dealers to sell the securities of the American company in the United States.

Mr. GREEN: Did you not tell us of a wonderful American financial house that had financed more gas lines than any other company in the world, and that they were the company which was financing this proposed gas line? Who are the Americans and who are the eastern Canadians?

Mr. EDISON: Mr. Green, you are a lawyer and you know as well as I do that there is a distinct difference between financial people who come forward and sell bonds or shares for a commission in a company and the people who own the company. There are underwritings and offerings of securities being made every day in the week in this country by security houses which have no interest whatever in the company. I did not say that Americans had any part in the ownership of this company.

Mr. GREEN: Mr. Dixon was very frank with us in his statement to the committee about the financial house of Morgan and Stanley Company who are behind his venture. Don't let us have any hedging about it.

Mr. EDISON: There isn't anybody.

The Vice CHAIRMAN: You will have to take his word for it, Mr. Green.

Mr. EDISON: There isn't anybody.

Mr. GREEN: You won't tell me the names of anybody in eastern Canada or in the United States who are behind this undertaking?

Mr. EDISON: I wouldn't say that. I am prepared to give you the names for the Canadian company, as many of them as I can who are helping us in this enterprise.

Mr. GREEN: Your directors are all Alberta directors?

Mr. EDISON: They are, sir.

Mr. GREEN: Have you got those figures there now as to the mileage of the two routes?

The WITNESS: The all-Canadian route the mileage is 658, that is all in Canada, and the American route mileage is 218 in Canada and 368 in the United States.

Mr. GREEN: By the way, what was the mileage in the United States on that first one?

The WITNESS: That is main line, I am only talking about the main lines.

Mr. GREEN: You are only giving us the main line mileages?

Mr. EDISON: That is right.

Mr. GREEN: Then, what are your costs, what is the amount to be spent in Canada on your all-Canadian route and what is the amount to be spent in Canada on your so called American route?

The WITNESS: On the Canadian route the estimated cost in Canada is \$60,200,000 and in the United States it is \$29,890,000. On the American route the estimated cost in Canada is \$20,800,000 and in the United States \$45,600,000.

Mr. GREEN: The amount you propose spending in Canada on the all-Canadian route would be \$60,200,000?

The WITNESS: That is right.

Mr. GREEN: And what is the other figure, \$29,800,000?

The WITNESS: That is the amount planned for the line in the United States.

Mr. GREEN: That is the American section of the all-Canadian route?

The WITNESS: That is right.

Mr. GREEN: Now then let us have the figures for the all-American route, how much of that is to be spent in Canada and how much is to be spent in the United States?

The WITNESS: \$20,800,000 in Canada and \$40,600,000 in the United States.

Mr. GREEN: And the difference in the amount spent in Canada on these two routes would be roughly about \$14,000,000?

The WITNESS: \$39,400,000.

Mr. GREEN: Thank you.

Mr. HIGGINS: I have one or two questions I would like to ask. How much have you spent for getting out your plans?

The WITNESS: I do not know. I have been working on it myself for about a year.

Mr. HIGGINS: Maybe Mr. Edison could tell us.

Mr. EDISON: I could not tell you exactly.

Mr. HIGGINS: Approximately.

Mr. EDISON: I would say \$100,000.

Mr. HIGGINS: \$100,000?

Mr. EDISON: All of which was contributed by people who are interested.

Mr. HIGGINS: Can you tell us who those people are?

Mr. EDISON: Those who have been associated with us in developing the project.

Mr. HIGGINS: Who are the other people?

Mr. EDISON: There are three or four gentlemen in Edmonton, some in Calgary, two or three in Winnipeg and there are three or four in Toronto.

Mr. HIGGINS: Who are they?

Mr. EDISON: The ones in Toronto are Mr. Colin Wilson, Mr. E. M. Bell, Mr. Harry Jackman; in Winnipeg Mr. John Gallway, Mr. Gordon Smith; and in Edmonton Mr. Hugh Pearson—pardon me, Drew Pearson, Mr. MacKinnon; and others whose names I frankly have forgotten.

Mr. HIGGINS: They have put up any money that has been used so far?

Mr. EDISON: That is right.

Mr. HIGGINS: Did I understand what you said to Mr. Green correctly, that you have no definite contract for financing?

Mr. EDISON: That is right, Mr. Higgins; you cannot contract for financing until you have got a company incorporated.

Mr. HIGGINS: I presume you must have made contracts with the companies who own the gas fields?

Mr. EDISON: No, we have been negotiating with a number of companies to supply us with gas.

Mr. HIGGINS: Which companies are they?

Mr. EDISON: Well, I think we have entered into conversations with Imperial. Mr. Gilman might know more about who they are. Actually it is Mr. Gallway, our geologist in Calgary who is the adviser on the gas situation. He may know more about this than I do.

Mr. HIGGINS: Have you any one here with you who could tell us about that?

Mr. EDISON: They might. I can only tell you frankly that I do not know anything about that personally. Can you say anything about that, Mr. Gilman?

The WITNESS: No, I think Mr. Gallway has that matter in hand. He is the geologist employed by our company and he has the responsibility of doing that job.

Mr. HIGGINS: Is it correct to say that you have no definite contract signed at all?

The WITNESS: I do not know that we have, if we have any I do not know of them.

Mr. HIGGINS: Well, somebody knows it.

Mr. EDISON: I am sorry, I do not know that at all.

Mr. HIGGINS: Who does know?

Mr. EDISON: Mr. Stewart Smith in Edmonton is our solicitor there and he would be the one who would be negotiating those contracts.

Mr. HIGGINS: It is a strange thing that somebody doesn't know anything about that, Mr. Edison.

Mr. EDISON: This company is not in a position to enter into any contracts yet, it is not incorporated.

Mr. HIGGINS: In other words, all you are trying to do here is to get a ticket?

Mr. EDISON: Well, we would like to be in here as a Canadian.

Mr. McIVOR: Mr. Chairman, I would like to ask Mr. Gilman a question. Usually when a company is studying a project it prepares two sets of plans; one to sell their plans to the people who are buying the shares, and they do not put too much detail in that; and the other set of plans is for the contractor who must figure on the details. In the answers which you have given here tonight you have not sought to go into the minute details, you are just giving the main points involved in the plan, the selling plan?

Mr. EDISON: It is not possible to give any great details on a project of the magnitude of this line. This is a \$100,000,000 project and the engineering on it alone is going to cost \$1,000,000 plus to get all those details; it is going to cost an awful lot of money to do it. Nobody could dare on the basis of present conditions to spend all that money with just the hope that he was going to win through. These details are necessarily sketchy until somebody gets a charter and then gets approval from the Alberta authorities to go ahead.

Mr. GOODE: Have you made any arrangements to buy any pipe in Canada?

Mr. EDISON: I believe that all the steel that is being used in the line in Canada will be bought in Canada, if the pipe is anywhere near the price of competitive steel of a similar quality from other mills.

Mr. GOODE: Have you got any prices on it yet? Have you got any idea how much you are going to spend on that item?

Mr. EDISON: We have an idea, yes. We have a price I think of \$194 a ton.

Mr. GOODE: I don't care so much about that, but what arrangements have you made about the purchase of steel? Let me clarify that. Have you made any contracts with Canadian mills for the purchase of steel?

Mr. EDISON: We have not made any contracts, we are not in a position to enter into any contracts.

Mr. GOODE: Have you discussed the purchase of steel with any Canadian companies?

Mr. EDISON: Yes, I believe that our engineer who made the cost estimate has done that.

Mr. GOODE: That is not the point, who knows about that?

Mr. EDISON: I don't know.

Mr. GOODE: Somebody knows, let us be frank. I am trying to help you rather than hinder you. I happen to be interested in the steel business because I have a big steel plant in my riding and I happen to know something about it; that is why I want you to tell me what companies you have approached with respect to the purchase of steel for your pipe line, what companies have you been dickering with, let us put it that way?

Mr. EDISON: I have not been doing any dickering myself, but I assume that something has been done about it. I am very sorry that I cannot tell you more than that.

Mr. GOODE: Mr. Gilman, you are the engineer in charge of this project; do you mean to tell me that you do not know anything about what your company is going to do about its steel?

The WITNESS: I would not say that I was the engineer—

Mr. GOODE: I am asking you that, and I want you to answer it.

The WITNESS: The engineer who made these cost estimates obtained costs in Canada and in the United States, and I would imagine that he got information about many types of steel. We are going to need a lot of it quite aside from the pipe line for such things as compressors, valves, pipes and so forth and so on; and I do not know the names of each of the companies he contacted in the preparation of his cost estimates.

Mr. GOODE: Do you know a company by the name of the Dominion Bridge Company?

The WITNESS: Certainly, I have heard of them, everybody has.

Mr. GOODE: Have you done any business with them, or have you entered into any negotiations with the Dominion Bridge Company?

The WITNESS: If we have not done so we certainly will do so right away.

Mr. GOODE: No, that is not what I want to know. What I want to know is, have you entered into any negotiations with the Dominion Bridge Company?

The WITNESS: I do not know.

Mr. HARKNESS: Mr. Chairman, I have two or three questions I would like to ask first of Mr. Edison, and then later possibly one or two for Mr. Gilman. The names of the incorporators appear here in the bill. There are quite a number of these whom I happen to know. These are not the same names that appeared in the bill which you introduced last year?

Mr. EDISON: That is correct.

Mr. HARKNESS: When were these people brought into this company? Why was this change in the names of the incorporators made?

Mr. EDISON: Those changes were made Mr. Harkness, because the incorporators in the bill last year, as is usual in a project of this kind, were associates of mine in my legal firm in Toronto, and three lawyers in Ottawa in the firm of our Ottawa agents. In the House of Commons there was some criticism of the fact that lawyers only were appearing on the charter; and, as a matter of fact, one member of the House of Commons had something to say about a young solicitor whose name appeared on the bill, someone from my office, which I thought was unfair; so I recommended to my clients that when this bill was reintroduced at this session some of the names of the actual applicants should appear in the bill.

Mr. HARKNESS: So these people who appear in the bill were associated with the company when the application was first made?

Mr. EDISON: That is right.

Mr. HARKNESS: Then they could probably be called the principals of this company now?

Mr. EDISON: They are among them.

Mr. HARKNESS: They are among the principals?

Mr. EDISON: Among the principals.

Mr. HARKNESS: And the other gentlemen whom you have named, do they constitute the other principals?

Mr. EDISON: That is right.

By Mr. Harkness:

Q. Then, Mr. Gilman, first of all in connection with the surveys that you have made of these two routes, to what extent have you carried them; in other words, with how much detail did you make the surveys on what you have called your Canadian route and on your American route in order to arrive at your cost figures?—A. We have surveyed the American route in considerable detail.

Q. I see, to what extent did you survey this, did you drive over it in a car?—A. We had engineers out and they drove around in a car and they walked the terrain and studied the details of the terrain and spent some considerable time in Alberta, British Columbia and in the state of Washington.

Q. As far as your Canadian route, as you call it, is concerned, have you or your engineers actually been over that route?—A. Not over the route from start to finish, no. We have been into the territory at various points; we haven't walked that route from end to end.

Q. Well then, your survey is a very sketchy survey.—A. I would say it is an incomplete survey, sir.

Q. It is not a survey on which you could base very accurate figures as to the cost of the project?—A. Well, we have computed it on the basis of the information we have.

Q. Would you suggest that other people who are interested in building pipe lines have not made much more complete surveys of some of their routes?—A. No, other people may have made much more detailed surveys of other routes.

Q. Well, the point I am getting at is this. You gave figures which you say indicated your estimate of the cost of the route to Vancouver, but these figures with respect to many parts of the route are really not made on surveys because your men have not been over the ground. For that reason I was wondering how much reliance can be placed on those figures?—A. Well, they are the best attempt we can make on the basis of our present information. We are going to have men out there in the spring working on that route from terminus to terminus.

Q. Would you agree, for all practical purposes, that 35 cents for one rate and 30 cents for the other are quite reliable figures?—A. I would not agree to that. I would say they are the best estimates we can make.

Q. You agree you have not been over one route at all in many places? I think you must agree then that the estimates of 35 cents and 30 cents you have given must be, well, you call it an educated guess, you called it an educated guess a while ago, and it certainly is no more than that, is it?—A. It is the best estimate we can make where we have not seen the terrain. We have examined the topography, the maps, and things like that, and we tried to estimate how much per mile it will cost to go through that country.

Q. Well, for our purposes in committee, however, it seems to me we cannot accept those figures as being much more than just your guess, after a very summary survey.—A. We have produced them for our own information. They are the best figures we have at this time. We are going to review them and try to get better ones as soon as we can.

Q. Have you built any pipe lines before, Mr. Gilman?—A. No, I am not in the construction business: we are consulting engineers in New York, engaged primarily in the utility field and a great deal of our work has to do with making investigations, reports and studies as to feasibility of public utility projects for investment bankers.

Q. Then you have no practical experience of your own on which to base these figures you have given us?—A. Well, the cost estimates were done by Mr. P. MacDonald Biddison of Tulsa, Oklahoma, whom we employed. He has been in the oil business all his life and is a well experienced contractor. He made the cost estimates.

Q. Did he survey these routes?—A. He is familiar with the territory, yes.

Q. Did he survey these routes?—A. He utilized the services of our other engineers who made the field surveys, and he used their notes in classifying the terrain and pricing the cost estimate out.

Q. Well, we have, I think, a rather anomalous situation where a figure is given to us of what the cost for delivery will be in Vancouver. You have no experience yourself. The people who made the actual survey—there was a survey—the people who made that survey had not experience in building pipe lines, and the man who had experience merely took some figures that were given to him; and once more I submit or suggest to you, Mr. Gilman, that I at least would find some difficulty in accepting the results as being anything like an accurate reflection of what costs are likely to be?—A. Mr. Biddison is familiar with this territory and knows it very well.

Q. He has not made a survey of these routes. I am very familiar with that territory myself, I have driven over it twenty times but I am not in a position to say anything as to the route, in any particular area, as to what the route would be unless I had been over it, and fairly recently. Well, leave that point. Do you own any gas wells?—A. No, I do not.

Q. I mean, does this company own any gas wells?

Mr. MAYBANK: There is no company.

The WITNESS: This company is not incorporated yet.

By Mr. Harkness:

Q. Have you any plans for drilling gas wells or do you propose entirely to buy gas where you can and transport it?—A. This company proposes to buy gas. In the bill it is so stated: to buy gas in Alberta and transport it to the Pacific coast.

Q. You have not plans to take part in the development of gas wells yourself?—A. You mean oil explorations?

Q. I mean oil or gas exploration or drilling.—A. This company proposes to buy gas, transport it to the markets of the Pacific coast, and sell it.

By Mr. Prudham:

Q. A few moments ago you made the statement that in the spring your engineers would cover these routes on foot. Are you going to give the Yellow-head route the same intensive survey as you give these other routes?—A. We are, as soon as the weather opens up.

Q. You will complete that before you appear before the Board of Transport Commissioners?—A. It will be completed before we appear before the Alberta board which is scheduled for October.

Q. Thank you very much.

By Mr. Herridge:

Q. Mr. Gilman, you mentioned in discussing your route through British Columbia that you intended to serve Trail? Do you have plans to make gas available to Nelson?—A. Yes.

Q. And if that gas is made available would your company be willing to sell gas to the corporation of Nelson?—A. Yes, sir.

By Mr. Byrne:

Q. I would like to ask Mr. Gilman this question: Is it true that our company intends to finance this project entirely with Canadian funds by selling stock in Canada?—A. I think, to the extent possible, we would sell securities in Canada. The plans are to sell such securities in Canada; otherwise, the funds will be raised in the United States?

Q. I understood you to say that it would be entirely done in the United States. In your opinion, in the opinion of your technical advisers, would it be possible following what is commonly known as the Yellowhead route, would it be economically feasible to supply Trail, British Columbia, with natural gas?—A. In my offhand judgment, it would not.

The VICE CHAIRMAN: Are you ready for the bill, gentlemen?

Mr. WYLIE: Mr. Gilman, you mentioned certain gentlemen associated with you from Winnipeg, men who had an interest in the company. Could you give the names of any persons in Calgary who are likewise interested?

Mr. EDISON: Mr. Coutts. There are two other gentlemen whose names just escape me. Mr. Coutts, of Calgary, is named on the bill.

Mr. WYLIE: But other than the names on the bill?

Mr. EDISON: Two gentlemen, whose names I have forgotten. I thought I had a note here but I cannot find it at the moment.

Mr. FERGUSON: Mr. Edison, it would be your intention to have a subsidiary company in the United States?

Mr. EDISON: It is the intention of this company to incorporate a United States company.

Mr. FERGUSON: And that will be controlled by the Canadian company?

Mr. EDISON: That is the present plan.

Mr. FERGUSON: That is your plan.

Mr. EDISON: That is our present plan.

Mr. FERGUSON: That the company in Canada will control and operate an American company?

Mr. EDISON: As I understand that is the plan the Canadian incorporators are planning to carry out—if they can raise the money to do so.

Mr. FERGUSON: This company is composed of a group of Canadians who have had as much experience as Canada can afford, and this company is endeavouring to obtain capital in Canada and the United States to operate a Canadian company and to operate a subsidiary company in the United States. And they want a charter on the same basis as those which have been asked for by companies that will be controlled by Americans? Is that right?

Mr. EDISON: That is correct.

Mr. FERGUSON: And principally comprised of Americans rather than Canadians. That is your thought?

Mr. EDISON: That is our thought, yes, sir.

Mr. FERGUSON: I am quite positive that Canadians trying to get into this business would find great difficulty in securing the services quickly of expert engineers who had the experience along the lines necessary to start a company of this nature. You would have a great difficulty to find that type of personnel?

Mr. EDISON: I do not think there are pipe line engineers in Canada who have had any worthwhile experience.

Mr. FERGUSON: But you, a group of Canadians, are trying to do your best, to control a Canadian industry?

Mr. EDISON: That is precisely the intention.

Mr. GOODE: May I suggest to you, Mr. Chairman, that we go on the bill now?

The VICE CHAIRMAN: Shall the preamble carry?

Carried.

Shall section 1 carry?

Carried.

Shall section 2 carry?

Carried.

Shall section 3 carry?

Carried.

Mr. CARROLL: There is something that has been brought to my attention by the chief of the committee branch, which should be submitted for the approval of the committee at this point. Do you wish to make your declaration first, Mr. Edison?

Mr. EDISON: You will observe that section 3 of the bill of this company provides that the capital stock shall consist of five million shares without nominal or par value. I understand that it is the practice in committee that such capital stock has to have a cash value set on it by the applicants for purposes of taxation—for the purpose of determining the fee that must be paid in connection with the granting of the charter; and I have here a statutory declaration, which I will read:

1. That I am solicitor for the applicants for incorporation of Prairie Transmission Lines Limited and as such have knowledge of the matters hereinafter deposed to.

2. That I have been instructed by the applicants for the incorporation of the said company that the capital of the said company consisting of 5,000,000 common shares without nominal or par value will not be issued for an aggregate consideration exceeding \$15,000,000.

Mr. CARROLL: The Chairman received a letter from the head of the law branch here last night in connection with bill No. 9, which reads as follows:

In bills of incorporation, the cash value of the proposed capital stock, if any, is usually indicated, and a charge is made on such capital stock in accordance with the provisions of Standing Order 93 (3).

Bill No. 9, however, is for the incorporation of a company with a capital stock of five million shares *of no par value*.

When a "no par value" incorporation is sought, the Committee to which the bill is referred recommends to the House what, for taxing purposes, each share shall be deemed to be worth; and when the House concurs in such recommendation, collection of a fee is authorized and made.

Now, I am making a motion that this committee recommend to the House that three dollars per share seems to be acceptable to the committee; that each share shall be deemed to be worth three dollars, and that the committee should so recommend to the House. I therefore submit this motion, Mr. Chairman.

That for the purpose of taxing the capital stock of this company the nominal or no par value of shares be fixed at \$3.00 each.

Mr. MAYBANK: Seconded.

The VICE CHAIRMAN: Mr. Carroll moved, seconded by Mr. Maybank that

That for the purpose of taxing the capital stock of this company the nominal or no par value of shares be fixed at \$3.00 each.

All in favour of the motion signify in the usual way.

Carried.

Clause 3?

Carried.

Clause 4?

Carried.

Clause 5?

Carried.

Clause 6?

Mr. GREEN: On clause 6, just to be consistent, I would like to move that section 6 of bill 9 be amended by adding after the word "thereof" in the fourteenth line, the following: "and subject to the condition that it may export gas or oil to the United States only to an amount in excess of the amount required by consumers in Canada."

That is the same amendment that I moved this afternoon on the other bill. I will not bore the committee with a repetition of what I said.

The VICE CHAIRMAN: Are you ready for the vote?

Mr. GREEN: May we have a polled vote?

Mr. APPLEWHYTE: Just before we have the vote I think, with great respect, for the mover's sense of consistency that there should also be something said in respect to fair play. I do not think that such an amendment should be tacked onto one bill after it has been evident that in so far as the Railways, Canals and Telegraphs Committee is concerned that at the last session of parliament and this session two companies obtain a charter without that amendment tacked on.

Mr. GREEN: When are we going to start putting it in?

Mr. APPLEWHYTE: You cannot start putting it in.

Mr. GREEN: Well, vote against it.

The CHAIRMAN: I declare the motion lost.

Mr. GREEN: Then, there is another amendment in line 29, paragraph (a), that section 6 of bill 9 be amended by inserting after the word "oil" in the 29th line the following: "provided that the main pipe line or lines either for the transmission or transportation of oil or gas shall be located entirely in Canada."

The CHAIRMAN: Do you want the same vote taken on that? (Polled vote.) I declare the motion lost.

Section 6?

Carried.

Section 7?

Carried.

Section 8?

Carried.

Section 9?

Carried.

Section 10?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Mr. GREEN: Mr. Chairman, before the committee adjourns there are two matters that I would like to place before the members. We have had a good deal of discussion about pipe lines over recent months and I do think that it has become perfectly clear that there should be some changes made in the Pipe Line Act. One of them has to do with the question of tariffs and tolls that may be charged by these gas companies. The situation is perfectly clear that as the law stands at the present time there is no control whatever over tariffs that can be charged by these gas companies. There is control in the Act over oil line companies. The Board of Transport Commissioners is given power under part II, sections 38 to 48, to regulate tolls and tariffs. The evidence given by Mr. Dixon is that there is control in the United States over rates that can be charged on gas. In Canada, for some reason or other there is no such power under the Board of Transport Commissioners.

Mr. MAYBANK: Mr. Chairman, a point of order if I may.

I apprehend that the purpose of the remarks is that this committee should make some recommendation.

May I draw to your attention that this committee has been convened for the purpose of considering that which was referred to it and that also, under standing orders, the committee has certain powers of which general recommendation is not one. But, at the present time we were convened for a certain purpose and that purpose was set out in the memorandum that came to us at that time.

Now, I am inclined to think what Mr. Green is going to propose is something that would find very general acceptance. Nevertheless, it might take considerable time to debate and it is 10.15 now. It is not within our terms of reference to consider some proposal dealing with the public law of Canada—a proposal to be made by this committee.

You will readily understand why that is so. Government in Canada is not government by committees but government by cabinet—not government completely but recommendation and direction of things is by the cabinet and not by committee. So, I submit that any proposal to do anything now is out of order. We have completed the business for which we were convened and we have no power left to consider some recommendation relating to public law. That, I submit, is a point of order. The only thing left for us is to adjourn.

Mr. GREEN: Mr. Chairman, I do suggest that this is a standing committee and, we know, of course, that the menu for today has been these private bills. However, that does not cut down our powers. Where we are reviewing something and find a condition which we think should be remedied then, I suggest, we have the power to recommend to the House that consideration be given to meeting that situation.

Mr. MAYBANK: We do that by rising in our places in the House.

Mr. GREEN: In that way you do not get the recommendation of the committee behind it—you only get the individual saying it in the House. I will not put a motion as I had intended to do—

The VICE CHAIRMAN: I am informed that it could be brought up under Bill 132 which Mr. Sinnott has moved in the House—if that bill is referred to a committee.

Mr. GREEN: Well, I would just like to tell the members of the committee what I had in mind so that they can think it over—

Mr. MAYBANK: I have an objection to that and that is that Mr. Green is seeking to put upon the record something which will not in the circumstances get full consideration and debate and it may serve some purpose—some personal

purpose; but that is not a sufficient reason for it now being placed on the records of this committee.

It would not get full consideration in debate here. All that we would have upon the record, would be the observations of Mr. Green and while those observations might be valuable,—I would not suggest that they would not be valuable—still, in the circumstances it would be just like making *ex parte* observations. This is not a vehicle for one member. He may consider it to be an opportune time, to place some views upon the record.

Mr. GREEN: I object to that, Mr. Chairman, on a point of order.

Mr. MAYBANK: Well, Mr. Chairman, I am speaking to a point of order at this very moment.

Mr. GREEN: Then, Mr. Chairman, I rise on a question of privilege. I can rise on a question of privilege at any time, and I am rising now.

Mr. MAYBANK: I think we should adjourn, Mr. Chairman. Otherwise we are going to be out of order, quite badly out of order. I am afraid the reporter won't be able to get what Mr. Green is saying because he is getting my voice so much louder.

Mr. RILEY: Mr. Chairman, I move that we adjourn.

Mr. MAYBANK: Mr. Chairman, there is a motion that we adjourn. Will you put the question?

The VICE CHAIRMAN: I think the whole discussion is out of order.

Mr. MAYBANK: Yes, the whole discussion is out of order. That is what it is.

The VICE CHAIRMAN: The committee now stands adjourned.

The meeting adjourned.

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Canada. Railways, Canals and Telegraph Lines,
Standing Order on, 1950

SESSION 1950

HOUSE OF COMMONS

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

BILL No. 153

(Letter J-4 of the Senate)

"AN ACT TO AMEND THE AERONAUTICS ACT"

TUESDAY, MAY 16, 1950

WITNESSES:

Mr. J. R. Baldwin, Chairman, Air Transport Board;
Mr. W. J. Matthews, Director of Administration and Legal Services,
Department of Transport;
Mr. W. M. Fleming, Civil Aviation Division, Department of Transport.

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1950



ORDERS OF REFERENCE

THURSDAY, 11th May, 1950.

Ordered.—That the following Bill be referred to the said Committee, viz:

Bill No. 153, (Letter J-4 of the Senate), intituled: "An Act to amend the Aeronautics Act".

WEDNESDAY, 17th May, 1950.

Ordered.—That the quorum of the said Committee be reduced from 20 to 14 members and that paragraph (b), Section 1 of Standing Order 63 be suspended in relation thereto.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

TUESDAY, May 16th, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11:00 o'clock a.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bonnier, Breithaupt, Byrne, Carroll, Carter, Chevrier, Douglas, Garland, Gibson (*Comox-Alberni*), Goode, Gourd (*Chapleau*), Green, Harrison, Herridge, James, Jones, Lennard, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Robinson, Rooney, Smith (*Calgary West*), Stuart (*Charlotte*), Ward, Whiteside, Wylie.

In attendance: Mr. J. R. Baldwin, Chairman, Mr. A. S. McDonald, Legal Adviser, Air Transport Board; Mr. W. J. Matthews, Director, Administration and Legal Services, Mr. F. T. Collins, Executive Assistant and Secretary, and Mr. M. M. Fleming, Civil Aviation Division, of the Department of Transport.

The Committee considered Bill 153 (J-4 of the Senate) intituled: "An Act to amend the Aeronautics Act."

Hon. Lionel Chevrier, a Member of the Committee, gave a brief outline of the said Bill and answered questions in respect thereof.

Mr. Baldwin, Chairman of the Air Transport Board, was called. The witness was assisted by Mr. Fleming.

Clauses 1 and 2 were agreed to.

At 1:05 p.m., the Committee adjourned to meet again at 4:00 o'clock p.m.

AFTERNOON SITTING

The Committee resumed at 4:00 o'clock p.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bonnier, Breithaupt, Byrne, Carroll, Carter, Chevrier, Douglas, Ferguson, Garland, Goode, Gourd (*Chapleau*), Green, Harrison, James, Lennard, McCulloch, McIvor, Mott, Murray (*Cariboo*), Prudham, Richard (*St. Maurice-Lafleche*), Robinson, Rooney, Stuart (*Charlotte*), Thomas, Whiteside, Wylie.

In attendance: The same officials as are listed at the morning sitting.

On motion of Mr. Murray,

Resolved,—That the Committee recommend to the House that its quorum be reduced from 20 to 14 members.

The Committee resumed clause by clause consideration of Bill 153 (J-4 of the Senate), intituled: "An Act to amend the Aeronautics Act".

Messrs. Baldwin, Matthews and Fleming were examined.

On clause 3

Mr. Green moved: "That the said Bill be amended by deleting therefrom paragraph 6 of Clause 3".

And the question having been put on the said proposed amendment it was resolved in the negative.

The said clause was agreed to.

Clauses 4, 5, 6, 7, 8, 9 and 10 were agreed to.

The preamble and the title were agreed to and the Bill ordered to be reported to the House without amendment.

At 5:00 o'clock p.m., the Committee adjourned to the call of the Chair.

ANTOINE CHASSE,

Clerk of the Committee.

REPORTS TO THE HOUSE

(The Fifth Report, dated May 8, tabled the evidence taken in relation to Bills Nos. 88 (Letter J of the Senate), 7 and 9)

SIXTH REPORT

WEDNESDAY, May 17, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

SIXTH REPORT

Your Committee has considered Bill No. 153 (J-4 of the Senate), intituled: "An Act to amend the Aeronautics Act" and has agreed to report same without amendment.

A copy of the evidence in relation to the said Bill is tabled herewith.

All of which is respectfully submitted.

L. O. BREITHAUP,
Chairman.

WEDNESDAY, May 17, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as its

SEVENTH REPORT

Your Committee recommends that its quorum be reduced from 20 to 14 members and that paragraph (b), Section 1 of Standing Order 63 be suspended in relation thereto.

All of which is respectfully submitted.

L. O. BREITHAUP,
Chairman.

*(The said report was concurred
in on the same day.)*

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

TUESDAY, May 16, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, we have a quorum. We will proceed to a consideration of Senate Bill J-4, the House bill number will be 153, An Act to amend the Aeronautics Act. We have with us the Minister of Transport under whose department this matter comes, and if it is agreeable to the members of the committee I would ask the minister to make a statement in connection with the objectives and purposes of this bill.

HON. MR. CHEVRIER: Mr. Chairman and gentlemen, there is not very much I need say at this stage. The members of this committee I am sure have read or taken part in the discussion in the House last week.

The Aeronautics Act is divided into three parts; part I has to do with the duty, obligations and responsibilities of the minister, and certain powers concerning the making of regulations; part II deals more particularly with the duties and responsibilities of the Air Transport Board; and part III has to do with administrative matters, superannuation and the like.

This bill does not involve any substantial changes in the Aeronautics Act. Most of the changes have to do with phraseology, except in one or two instances. These have become necessary because of the rapid development of aviation, and it was felt by the departmental officials and by the Board that because of rapid changes consequent amendments should be made to the Act. The first three sections of this bill are changes affecting part I of the Aeronautics Act. The remaining sections, 4 to the end of the bill, deal with amendments to part II of the Act. Perhaps the principal changes have to do with the fact that because of international routes and international services it is necessary to pass legislation authorizing regulations that will affect aircraft and air services outside the jurisdiction of our own country. Then, as members will notice as we go along, there are changes which affect the phraseology of the Act, changes which have to do with penalties and so on.

I do not think I need say anything more at this stage. If it is the wish of the committee to hear witnesses there are officials here to explain the clauses as we go along.

MR. GIBSON: Would the minister say whether representations have been received from any foreign organizations?

HON. MR. CHEVRIER: With reference to this bill?

MR. GIBSON: Yes.

HON. MR. CHEVRIER: None whatever.

MR. GIBSON: Would they have an opportunity of appearing before the committee should they so desire?

HON. MR. CHEVRIER: I am informed by the chairman of the Air Transport Board that before the Senate committee representatives of AITA, that is the Air Industries and Transport Association of Canada, appeared and said that they did not want to make any representations.

Mr. APPLEWHAITE: Does this bill involve any changes in regulations dealing with non-scheduled foreign aircraft coming into Canada?

Hon. Mr. CHEVRIER: It does not deal with that directly. First, with reference to the last part, there is a definition of hire or reward because of certain legal difficulties which have arisen, and while the powers of the minister and of the Board are not increased they are better defined so that there will be no overlapping between the powers of the department and those of the Air Transport Board; but I think in fact the answer to your question is no.

The CHAIRMAN: I imagine that the answers to any other questions will come out as we proceed with the bill.

Mr. GREEN: Mr. Chairman, I wonder if it would be possible to have a statement from the Chairman of the Air Transport Board setting out the functions of that Board. Most of these amendments deal with the operation of the Act which sets up the Air Transport Board and it would be very helpful if we could have a statement from the Chairman of the Board. I would also like to know whether it would be possible to have some explanation as to just what is done now about these external routes. I am not quite clear as to who handles these negotiations, whether it is External Affairs or the Department of Transport or who. What is the procedure followed in order to authorize a foreign company to fly into Canada or a Canadian company to fly beyond Canada? The question raised by Mr. Applewhaite is very important. As I understand it he was asking about the non-scheduled flying aircraft flying into the country, and in view of the announcement made by the Minister of National Defence the other day in the House about the Americans having some new restrictions on foreign planes going into their country I think perhaps it would be within the scope of our authority to find out just how this is done. For example, suppose a Russian plane flies into Canada, what department has to do with that? I think we should know whether it comes under the Department of Defence or whether it comes under the Department of Transport, and if Transport just how is it handled, what permission do they have to get and what provision there is for these planes.

Hon. Mr. CHEVRIER: Did you want to ask a question, Mr. Herridge?

Mr. HERRIDGE: I just wanted to say that I support Mr. Green's statement; I think we should have a statement from the Chairman of the Air Transport Board.

The CHAIRMAN: That would be quite satisfactory.

Hon. Mr. CHEVRIER: There are some questions here which, if the committee will allow me, I would like to deal with. The Chairman of the Air Transport Board and counsel for the department are both here and can add to or possibly correct any information which I might give to you now. Referring to the last question, there is a section which indirectly will deal with that, and perhaps I can leave any remarks that I have to make on that matter until we get to that section. It does not deal with the matter directly but it does deal with it indirectly. It has been suggested that there should be a statement about the functions and the powers of the Air Transport Board. I said a moment ago that part II of the Aeronautics Act deals particularly with the work of the Air Transport Board which was set up pursuant to that part of the Aeronautics Act when it was amended by George VI. Chapter 28, 1944. There are three members of the Air Transport Board and the functions of the Board, as stated in the House the other day, are both regulatory and advisory. In its regulatory capacity the Board has jurisdiction over economic aspects of commercial aviation and as such deals with the second question raised by Mr. Green. Under section 11 of the Aeronautics Act the Board makes regulations regarding commercial air services. Under section 9 of the Aeronautics Act the Board has power to make investigations and surveys and to inquire whether the traffic

would be sufficient in certain areas to warrant additional licences to domestic or other carriers. Under section 10 the Board makes recommendations to the minister after having conducted investigations and may advise the minister in all matters relating to civil aviation. Under section 12 the Board may issue, after having listened to the arguments both for and against applications, a licence to operate a commercial air service. Under section 12 the Board is obligated to issue certain licences to T.C.A. in accordance with procedures under the Trans-Canada Air Lines Act. Under section 17 it is stated that the powers of the Board shall be exercised subject to any international air agreement, and in practice this involves preliminary discussions by the Air Transport Board with other Canadian government agencies relating to international air services into Canada where such is concerned; second, the licensing of foreign air carriers designated by a foreign government under a bilateral air agreement, and subsequently a certain degree of responsibility respecting operations, tolls and the operation of international air routes. All such matters are the subject of negotiation between Canada and the other country concerned and that part of it is taken care of by the Department of External Affairs.

MR. GREEN: Who asks for that? They would not ask for it just out of a clear sky, they would not start negotiations for an air route on their own?

HON. MR. CHEVRIER: No. Representations are made by the country seeking air routes into Canada, or by Canada when seeking air routes into any other country.

MR. GREEN: Who would institute the negotiations between Canada and the other country concerned?

HON. MR. CHEVRIER: It would be the minister of Transport. For instance, if we sought a route into the United States we would take the initiative in asking the Department of External Affairs to make it possible to discuss with the American authorities certain routes for Canada; if the government of France desired to have Air France proceed by way of certain Canadian routes, France would take it up with External Affairs which would consult my officials.

MR. GREEN: You would not negotiate directly with them?

HON. MR. CHEVRIER: The Department of External Affairs have a representative on the delegations which negotiate these international routes. Such was the case in the United Kingdom agreement and such was the case in negotiations which led up to the signing of the bilateral agreement between Canada and the United States. But I was going on to say that the Air Transport Board takes a very important part in that. It makes a survey, it examines and prepares the material and makes recommendations to the minister after having gone into the economic aspects of the matter; and following that the government decides whether or not it would be advisable to seek or grant further international air routes. That in principle is the procedure we now follow in circumstances such as we have been discussing.

MR. GREEN: Is it not an international organization?

HON. MR. CHEVRIER: There is the International Civil Aviation Organization which represents all the nations of the world to which we adhere. They have their headquarters in Montreal and they have international obligations and functions and I should add that there are one or two notable absences in its membership.

MR. ADAMSON: But ICAO have no executive power, they are purely advisory in the international field?

HON. MR. CHEVRIER: They have the same powers as any other special organization of the United Nations. ICAO is a specialized agency of the United Nations Organization and has all the powers that were given to it by the International Convention which established it.

Mr. ADAMSON: Yes, but there is no way in which ICAO can take away routes?

Hon. Mr. CHEVRIER: No, not the slightest.

Mr. ROONEY: Is Russia represented on that board?

Hon. Mr. CHEVRIER: No, Russia is not a member of ICAO.

The CHAIRMAN: Gentlemen, may I suggest that the minister be allowed to complete his statement.

Mr. CHEVRIER: I do not have much more to add. Perhaps the committee would like to know that the licences which are granted by the Air Transport Board may roughly be divided into two groups, the domestic and the international; and they again may be broken down as follows; domestic air carriers may be scheduled air carriers, that is they travel according to a schedule—Montreal-Toronto-Vancouver and so forth like T. C. A.—non-scheduled air carriers which go from one point to another without a schedule; charter air services; contract air carriers established for a specific task; charitable air carriers and specialty air carriers; and in the foreign group there are two categories, scheduled air carriers, such as the U.S. lines that we have operating into Canada, and non-scheduled air carriers. I think for the purposes of this bill that is about all I can tell the committee at the moment unless there are some additional questions.

Mr. GREEN: What is the position now with regard to air freedoms? In 1944 the government laid down its policy, gave its views with regard to an international air agreement. As I understand it it has never been possible to get all the nations to agree to the policy which Canada favoured at that time. Are we still making these agreements purely on a bilateral basis, that is between Canada and individual countries rather than having them made under multilateral agreements?

Hon. Mr. CHEVRIER: Yes. The policy which was advocated by Canada at Chicago was a policy based on multilateral agreement. Canada had hoped that it would be possible to get those nations that were interested in air services to come to some agreement in a multilateral document. Unfortunately, that was not possible. Since then we have been driven to the signing of bilateral agreements and have signed several such agreements, but our general practice is not to enter upon those agreements unless we are seeking something for Canada.

Mr. GREEN: What is that?

Hon. Mr. CHEVRIER: Unless we are seeking something and by that I mean unless we are seeking traffic rights for Canada. For instance, we sought certain rights for C.P.A. on the west coast to Australia and to the Orient. We did get certain traffic rights from the British and from the Americans and we entered into bilateral air agreements. But we have been very careful about fifth freedom rights; we are very jealous of fifth freedom rights and they have been granted only in cases such as those I have mentioned.

Mr. GREEN: Will the minister tell us what that fifth freedom right is?

Hon. Mr. CHEVRIER: Well, as the committee know, there are five freedoms. I do not know whether I can remember them all. The first is the right to fly over a country; the second is the right to come down in a country for refueling purposes; the third is the right to set down passengers from the country of origin of service; the fourth is the right to pick up passengers for that country, and the fifth is the right to carry passengers to and from intermediate points; and that is a right which countries guard jealously. As a rule there is never any difficulty about third and fourth freedom traffic. For instance, traffic from Canada to the United Kingdom generally goes by a Canadian or U. K. air carrier and service is direct between terminal points. In the case of the United Kingdom we have the right also to take on fifth freedom at Ireland and in the Azores; and we have fifth freedom rights also with reference to certain points on the Caribbean route and in the United States.

Mr. MURRAY: Would the minister tell us what arrangements have been made with General MacArthur in Japan for the Canadian Pacific Air Line planes there? Have any facilities been provided? I would like to know whether the landing fields on the Aleutians are being abandoned.

Hon. Mr. CHEVRIER: With reference to the last question I did make a statement in the House some time ago and I repeated it again during the course of this discussion, that it was the intention of the Defence Department of the United States to abandon the bases in the Aleutian Islands and that negotiations were being entered into with the Americans for Canadian Pacific Air Lines on a mid-Pacific route. There have been no changes, I think, since then. The Aleutian bases still are in operation and I have not reviewed the position in the last week or so but I think it is about the same as it was before. With reference to the first question, I think perhaps I would ask Mr. Baldwin to deal with it because it is a more complicated question.

Mr. J. R. Baldwin, Chairman of the Air Transport Board, called:

The WITNESS: Canadian Pacific Air Lines have been granted full traffic rights in Tokyo by the supreme allied commander there. They are now operating in and out of Tokyo with full traffic rights, and they have also been granted the right to use Okinawa on the same basis. With regard to the question of Shemya, the main base in the Aleutians, the policy in the United States is still somewhat uncertain but there are now indications it will not be closed in the immediate future as had been contemplated originally and it may be kept open for some longer time with the decision in abeyance as to whether it will ultimately be closed.

By Mr. Murray:

Q. Has General MacArthur extended every courtesy to the Canadian Pacific Air Lines?—**A.** In every respect.

Q. And very cordially?—**A.** Yes, very cordially.

Mr. LENNARD: There is one question I want to ask. I have a case in mind where a Trans-Canada Air Lines plane was flying from the west and they ran into air trouble from storms and they went south over the United States; one of the passengers became mentally ill and my understanding is that they were denied the right to land this passenger in the United States for hospitalization and were forced to come to Windsor before they could land this passenger. Would that be correct?

Hon. Mr. CHEVRIER: I would not know. That is a matter that would not directly concern the Air Transport Board, it is a matter that would concern customs and immigration. I could enquire for you but it is not a matter over which we would have any jurisdiction.

Mr. GREEN: I wonder if we could have from Mr. Baldwin a statement in regard to the method in which the Air Transport Board functions. I understand he is chairman of that board.

The CHAIRMAN: The minister covered most of that, but if you would like to have it amplified—

Hon. Mr. CHEVRIER: Perhaps Mr. Baldwin should add to or complete any statement that I made.

The WITNESS: I do not know, Mr. Green, that there is a great deal that I can add to what the minister has already said. The board under the minister is responsible for the granting of licences or refusal of licences, as the case may be, to commercial air services. It is also responsible for general economic regulation and economic relationships between commercial air services and for

such general aviation matters as the minister wishes the board to report upon or offer advice upon. For example, as he mentioned, the board advises the minister with regard to the course that might be followed in international negotiations and upon occasion assists the minister by participation in such negotiations. Apart from that I should also add it is responsible on behalf of the government for taking care of the policy matters in connection with our part in the International Civil Aviation Organization, and the Canadian representative on the council of I.C.A.O. is a member of the board staff.

If there are any details regarding the actual procedures which we follow I would be glad to give them.

By Mr. Smith:

Q. Who are the members of the board?—A. The other members are Mr. Romeo Vaehon, and Mr. A. D. McLean, former controller of civil aviation who was appointed within the last couple of weeks.

Q. Are they permanent?—A. They are appointed for a term of ten years.

By Mr. Green:

Q. Dealing with these different jobs that you do, how do you carry on your work in the licensing of various companies?—A. The regulations of the board which are approved by the Governor in Council, as indicated by the minister, set up various categories of services. The board has issued a directive which describes the form in which applications should be made and information which needs to be supplied. Carriers submit a formal application for a service to the board. This is reviewed by the board's staff, the audit division, the rate sections, the bureau of transportation economics, the licensing division, who then make their general report to the board and the application normally, is then publicly advertised for a stated period to allow representations from any public party interested to be made to the board. At the end of the period of advertising the board determines on the basis of its knowledge of the applicant and any public representations which may be received whether or not a public hearing is required, following which the board renders a decision.

Q. When you render a decision is that published by yourselves and a licence issued, or do you merely recommend it to the minister?—A. The board's decision is signed by the board members and if it is an affirmative decision it is submitted to the minister for his approval; if he approves the decision he signs it and the board then issues a licence to the carrier. In the event of a denial of an application that is, under the statute, may be taken care of by the board itself without submission to the minister, but with the right of appeal on the part of the carrier to the minister.

Q. I see. So that if an application is granted to make a recommendation and then that has to be approved by the Minister of Transport?—A. That is correct.

Q. And, subject to that approval, you issue the licence?—A. That is correct.

Q. And if the application is denied there is no recommendation made by the board to the minister but the applicant has the right of appeal to the minister?—A. The applicant has the right of appeal to the minister.

Q. Is that appeal to the minister or to the cabinet?—A. To the minister.

Q. You said that your second duty had something to do with general economic regulations. What do you mean by that? I do not quite understand what you said there.—A. Control of the tariff arrangements. All carriers, at least the majority, are required to file tariffs with the board which may either accept them for filing or disapprove them or require a change to be made. We also deal with the general policy which is followed in the matter of competitive relationships between the carriers quite apart from the actual licences granted. In other words to what extent a given class of carriers should be allowed to com-

pete among themselves and to what extent they should be granted a measure of protection and things of that sort which are taken care of by particular directives or particular orders. Then our duties involve as well, as the minister mentioned, economic reviews of the condition of the air carriers and the traffic potential in Canada generally or in specific instances.

Q. Are your decisions in this field also subject to review by the minister?—

A. Decisions in the matter of rate control are normally matters that the board carries on as an independent administrative function. If a matter involves considerations of major policy which would have a bearing on government policy generally it would be submitted to the minister for consideration whether in the field of rate control or any other field.

Q. Is there any appeal from your decision on rates to the minister?—A. Not so provided in the Act, but there is a general appeal under the Act to the Supreme Court of Canada on questions of jurisdiction or of law.

Mr McIVOR: Mr. Chairman, I would just like to give a concrete example of the fairness with which this board does its work. We had a group of young veterans who put their gratuities into an airplane enterprise. I knew these boys very well and I just want to pay my tribute to the chairman of the board and the board for their very fair play in not allowing the big shots to put it over a bunch of boys.

By Mr. Smith:

Q. Let us take a concrete illustration, take the city of Calgary; let us assume that you have licensed two or more organizations to carry out, let us say, an operation to Crow's Nest Pass or some place like that, operating to those towns. Now, is your answer this, that as between those two or more companies you fix their rates both for freight and for passengers?—A. The net effect may be the same, sir, though I would describe it in slightly different words: it would not be possible for the board to attempt to fix every tariff in the air field since they number in the thousands. Generally the procedure that is followed, which is also the procedure followed in the railways, is that the carriers themselves decide on the tariffs they wish to put into effect, they submit them to the board for filing and if they are accepted for filing they go into effect. In cases where there appears to be some discrepancy which requires an explanation, we investigate further and if we are dissatisfied, there may be discussions with the carrier in an attempt to adjust the matter satisfactorily.

Q. In a nutshell, it means this, that if carrier A decides he can carry freight we will say at so much a hundred pounds between Calgary and Penticton, say, does your authority go so far as to say that if one organization reduces this rate that you could then put it back again? I mean, what about competition; are you eliminating that?—A. Sir, the answer to that question is that we would have the statutory authority if we wished to exercise it but I would not contemplate the board exercising such authority in that particular instance so long as we were satisfied that the reduction of rate was on a reasonable and just basis and non-discriminatory as far as treatment of the public was concerned.

Q. I do not know what you mean by that. I know that in railway rates, for example, the railway files its tariff and then that tariff is approved by the board, but I know of no reason why a railway cannot give me a rate from one place to the other on such goods as I care to ship. Is that true with you? For example, would it be a breach of regulations if a company carried goods at less than the approved tariff rate? Would that be an offence?—A. That would be an offence under the regulations. The charges they are supposed to make and must make are the charges which are officially filed for public inspection with the Air Transport Board. If they wish to offer reduced rates they must file a tariff providing for such reductions.

Q. In other words this tariff becomes a fixed thing which the carrier may not raise, nor may he lessen that tariff without the approval of the board. —A. That is correct; that is the same procedure that is followed by the Board of Transport Commissioners.

Q. I would rather we did not get into a discussion on the Board of Transport Commissioners and railway rates because there are so many different things applying to the Board of Transport Commissioners and railway freight that do not apply to air freight.

But what I am getting at is a situation like this: that a tariff having been filed and approved, the carrier, if he varies from that tariff without your permission, is then guilty of an offence against regulations?—A. That is correct, sir.

Hon. Mr. CHEVRIER: Is not the position the same with reference to the freight rates?

Mr. SMITH: Frankly, I do not think so but I am very far from being certain. For example, using Calgary again, as an example we cannot increase rates, but I think we can make an arrangement with the railway company for some other rate than the tariff rates in moving something.

Hon. Mr. CHEVRIER: Yes, that is so but that must be in a certain category. My understanding is that the tariffs filed by the railway companies are so huge, as you say, that it is hard to take a specific example, but they are broken into categories and in that particular category you may reduce without reference to the board.

Mr. SMITH: You mean different classes, first, second, third, fourth and fifth class freight?

Hon. Mr. CHEVRIER: Yes, I used the wrong word—different classes.

By Mr. Smith:

Q. What the minister says I have no doubt is correct because he is so close to this thing. The point I am trying to get at is this: is the effect, or might the effect of the powers which the board has, operate to eliminate, and it does eliminate, competition in rates entirely? Is that not what has happened or might happen?—A. It is not my view, sir, that that is the effect of rate regulation by the board, because there is no barrier to adjustments by a carrier, of his rates. It can be done with the consent of the board. The only thing that we require is that the board's consent be obtained in order to insure that it is non-discriminatory in its treatment of the public. In other words, if he wishes to have a special arrangement to deal with Mr. X, it must be that the public generally under a comparable situation would be able to take advantage of similar special arrangements and that no discrimination shall take place.

Q. All right, let us take one commodity, let us say fruit, which is produced in Penticton. Now in the shipment of fruit from Penticton, we will say, fresh fruit, berries, and that sort of thing into Calgary—I believe there is a lot of fresh fruit shipped by air, is there not?—A. Not a great deal, sir.

Q. On the Canadian Pacific Lines?—A. There is a certain amount but the volume is not large.

Q. All right, let us assume a traffic of that kind. You are in the position, if you wish, to say to a corporation: we are not going to let you carry that cheap. You have that power?—A. We have that authority.

Q. In other words, you can say to the corporation that in your judgment if they do that they will go broke or something of that kind. In other words, in so far as these rates on carrying fruit are concerned—we will leave out passengers—the board has complete authority with respect to rates which these carriers will operate under?—A. That is correct, sir.

Q. And from judgments of that kind there is no appeal except to the Supreme Court of Canada, is that it?—A. That is correct.

Q. Thank you very much.

By Mr. Murray:

Q. Mr. Chairman, might I ask in the extension of airways from Prince George to the west if the Air Transport Board would consider applications for a service from Prince George through to Vanderhoof or Prince Rupert? There is a territory there that requires air service.—A. There is presently an application before the board for an extension of services in that general area. It is now being publicly advertised. Presumably after the period of advertising a public hearing will be held, but the advertising period has not yet ended.

Mr. GIBSON: Could the minister tell me if the Board of Transport Commissioners regulates the division of postal traffic between the Canadian Pacific Railway and the Canadian National Railways and, if they do, what like function is exercised by the Air Transport Board?

Hon. Mr. CHEVRIER: The Board of Transport Commissioners does not regulate postal traffic between one railway and another. As a matter of fact it has no jurisdiction over it.

Mr. GIBSON: I am just wondering who makes the division there because evidently, in fact, it works out to be a pretty even division.

Hon. Mr. CHEVRIER: The post office does.

By Mr. Gibson:

Q. I am just wondering what the policy is in connection with air mail because after all there is a great discrepancy between one airline and another as to how much postal traffic is given to them in the way of air mail. I was wondering if the Air Transport Board takes that into consideration. That is an important point in operating an airline.—A. The matter of air mail carriage is entirely in the jurisdiction of the postmaster general who makes such arrangements as he wishes with individual carriers. The Post Office may upon occasion consult us with regard to a proposed contract, to obtain economic data as to an operator and as to what would appear to be a reasonable rate for the work, but outside of that the Air Transport Board has no jurisdiction in that field whatsoever.

Q. Since we are amending your Act maybe we should have put something like that in there. There are some aircraft running scheduled flights where there could be a step-up of service if more air mail was granted to them. It is a difficult job for individual members of parliament to do this, and I was thinking that the Air Transport Board could take that under its jurisdiction.

By Mr. Adamson:

Q. I would like to ask Mr. Baldwin whether there are any non-scheduled foreign based aircraft operating into Canada and if so under what regulations? What I am thinking of is that in the summer during the tourist season quite a number of Americans want to fly into the northern lakes in both Ontario and Quebec and I imagine elsewhere in Canada. Has the question ever come up of American operators, operating say out of Buffalo or Rochester or even out of New York, bringing parties up into Canada and if so what regulations are there, if any?—A. The international non-scheduled field has developed almost entirely since the war. It was virtually an unknown quantity before that and it has not yet reached a stabilized position; no clear pattern has emerged. When it does I would imagine that you would find bilateral agreements covering that field as well as the scheduled field; but at the present time it is dealt with independently

by the aviation authorities of each of the countries concerned according to their domestic practice, and we in Canada require any commercial carrier—because that is all our jurisdiction applies to—which wishes to make a commercial flight into or out of Canada obtain a permit from the Board. It is a document known as a foreign carrier permit and it may cover one or a half dozen flights; but in every case it must be obtained from the Board and an operating certificate must also be obtained from the department. We have on occasion granted such permits and on occasion we have refused them on the grounds that there was a scheduled air carrier available to do the work. There are a number of instances where we have granted monthly "block" clearances to small U.S. operators—I can think of two or three of them—who make flights of the sort you have described into Canadian territory.

That at the same time has raised some of the problems referred to by Mr. Applewhite and others with regard to such activities into Canada and we have had under discussion with the United States for the last year an informal arrangement which we hope we can work out with their aviation authorities which will establish a common procedure for dealing with this problem.

MR. SMITH: Has anything been done about planes bringing parties into this country to get fish—

THE CHAIRMAN: They hope.

MR. SMITH: Now, Mr. Chairman, this is in Alberta. For example, I was fishing on one of the lakes in our province one time—

SOME HON. MEMBERS: Louder.

MR. SMITH: And a plane came in and landed on the lake and we had to get out of the way. Are there any regulations as to people coming in by air for sport and landing on any lake they want to? What is the situation there?

THE WITNESS: It depends on the aircraft, whether it is a private aircraft bringing in a private party or whether it is a commercial flight.

MR. SMITH: I am thinking of a private aircraft.

THE WITNESS: That does not fall within the jurisdiction of the Air Transport Board.

By Mr. Smith:

Q. You handle nothing except commercial?—A. The private aircraft falls within the jurisdiction of the Department of Transport and it would require an operating clearance; and also it would have to clear through customs and immigration; and is supposed to file a flight plan in advance. Unfortunately there has been a certain amount of abuse of the privileges granted and it is a problem of enforcement which may be the responsibility of either or both federal and provincial authorities.

Q. There are plenty of aircraft which bring parties in to get fish and moose and so on; but what I am getting at is this: where a party hires a plane to bring them in, that would not come under your department?—A. It would.

Q. Must you know beforehand where they are going and so on? Must they not file a flight plan with you so that you can know where they are going and so that you can give them a permit to land on certain lakes, let us say?—A. If it is a commercial flight they are required to make an application for a permit to us.

Q. Let us assume it is charter flight, that a plane is hired to bring a party in?—A. In such a case they do not always specify a particular lake, they may indicate a general area which they propose to go into. I may add by way of explanation that this matter has been under informal discussion between our-

selves and the operators and certain provincial authorities, which are interested from the standpoint of conservation. While these discussions have been going on for several months now they have not yet reached a point of finality.

Mr. APPLEWHAITE: I do not think there is any question that that particular branch of non-scheduled foreign services is important. I have run into it on occasion. A man may come in for sports purposes and perhaps not comply with our regulations. I would like to suggest to the chairman of the Transport Board that most serious and sympathetic consideration should be given to increasing the non-scheduled international services. I am referring at the moment particularly to the country contiguous to Alaska which is dependent almost entirely on aviation for any form of transportation. My recollection is that if you follow the regulations, and you want to make a non-scheduled commercial service from Alaska across the line into British Columbia you have five different government departments to contact in Ottawa: Transport, Immigration, National Revenue, Health, and Finance, because of foreign exchange. I know of instances—I am not going to elaborate on them—where it has taken five days to clear a flight, a flight which is intended to be made by air instead of waiting for a boat. Where we have a condition as regards business and industry as well sometimes as a matter of health or convenience, international aircraft is essential. I would suggest that you remember that foreign automobiles may come into this country, and we welcome them; we are just interested in seeing that they get out sooner or later. But aviation is here to stay and we are going to have a lot more of it. It seems to me, with great respect, that we are not meeting the situation in connection with aviation in a modern spirit. I know there are difficulties in aviation that are not experienced in other cases, and that national safety has got to be borne in mind, but I do suggest that if a millionaire is welcomed and helped along when he comes into Canada in his Packard that we should not put tremendous difficulties in his way because he happens to come in by plane. As the minister, I am afraid, well knows, the matter has been the source of great irritation and difficulty, particularly in the hinterland, in the outlying parts of the country where they are particularly dependent on aviation. I notice at the bottom of page 1 of the explanatory notes, that the amendment is intended to include all matters relating to commercial air services. I suggest that the department and the Transport Board try to modernize their thinking so that it will not be any more difficult to bring a foreign plane into this country than it is to bring in a foreign ship; and I hope soon that it will be just as easy to bring in a plane as it is to bring in a foreign car.

Mr. MURRAY: May I add to what has been said by Mr. Applewhaite. We have flights coming in from probably as far away as Texas up into Alaska, the Yukon Territory and northern British Columbia; usually big game hunters, geologists and people of that kind, and some of them are just out for a holiday. They come in their planes and they land on these lakes and they hire pack trains and guides and so forth and go away back into the hills where they are bothering nobody, it is all a wilderness, and they get some fine specimens of big game—sheep, big Rocky Mountain goats, and one thing and another. As Mr. Applewhaite has said, there seems to be a barrier against them, and it is discouraging rather than encouraging them to come in. Some of these parties spend as much as \$5,000 or \$6,000 in these small towns.

Mr. ADAMSON: Mr. Chairman, I would like to add one word on the subject. I have in mind a small air service operating at the Banff National Park by a fellow by the name of Al Gaetz. He is providing a service in that park absolutely unobtainable anywhere else and I know something of the great difficulty he had with the Air Transport Board because his is a non-scheduled flight where there are no routes at all. I would just like to say this, that with

that service he has opened up a great part of Banff National Park, particularly to the winter tourists, the skiers, who would find it absolutely impossible to get to those places where they want to go without that air service. I am thinking particularly of the country around Mount Assiniboine, where conditions are particularly good for skiing. I do hope that you will give sympathetic consideration to this type of service because of the great benefit it gives; and, while expressing that hope, I realize the difficulties that are involved not only with respect to your department but with the National Parks Department.

The WITNESS: Speaking on the last point first, Mr. Adamson, my understanding is that the difficulty there is one primarily relating to parks supervision, and is largely a matter of policy on the part of the parks administration. On the more general question of non-scheduled flights from the United States into Canada we are confronted with the problem of trying to reconcile several objectives, one of which is the desirability of having authorizations whether for private aircraft or commercial services to come into Canada. They are spending money here which benefits the tourist industry. At the same time there is a desire on the part of operators in Canada, which I think may be justified, to have a certain amount of protection against that type of service; and at the same time you have parties coming in by air and landing on some remote lake and dynamiting it and taking fish out. No doubt you have that in mind.

Mr. ADAMSON: Yes.

The WITNESS: You also have the problem of the general cost of such services in the United States being substantially lower with respect to the small operator than it is here. If you permit the United States operators to come in here on a commercial basis without any restriction, it may have the effect of driving a substantial number of small Canadian operators out of business completely. We have to try to work out a balance.

In the matter of the co-ordination of departmental requirements, it is quite true that there are several departments that have to be consulted because of their statutory requirements. We have done our best as far as the Air Transport Board is concerned to set up a system of co-ordination which has as its aim simplifying the procedure for foreign carriers. As things stand at the present time there are some five departments involved. What we try to do is facilitate their clearance with the other departments in obtaining a permit with as little delay and inconvenience as possible.

Now then, with respect to the flights into Alaska and the Yukon Territories, we have recognized for some time that a special situation exists there and part of our discussions with the United States have been designed to try to formulate a relatively liberal policy to apply in that particular area and to help the needs for air traffic to be effectively met in that area. One of the reasons we have had such prolonged discussions with the United States about this matter was because we have a reasonably liberal policy, but United States procedures for dealing with Canadian operators have been very difficult and have not created the reciprocity which the Canadian operator needs. In that connection our view is that the Canadian operator should have similar privileges granted to him with respect to operating into American territory. Then, too, you referred to the situation along the Alcan Highway. That, as you know, is a special one arising out of the fact that the northwest air route is under military control.

Mr. ADAMSON: What can you tell me about this? Suppose you have an aircraft which is going in there and is dynamiting the lakes and taking fish out, or is smuggling or in some other way breaking the law, that is hostile to the general welfare of the country; what do you do, how do you track that down, how do you stop them, and what sort of policy, if any, have you got in that regard?

The WITNESS: If it falls within the category you first mentioned, that of dynamiting lakes, that is a conservation problem and the provincial authorities are responsible for that and they do their best to keep track of it; but it is admittedly difficult because of the flexibility of aircraft, and while some of the provinces have very fine air services others are not so well equipped. In so far as the federal interests are concerned federal enforcement normally is taken care of by the R.C.M.P., and while they do not have any substantial number of aircraft—they do not maintain a fleet of aircraft—they do have a small number, and if the trouble is substantial they arrange for some commercial aircraft to take them in to the trouble centre, so that they can find out what is going on.

The CHAIRMAN: Now, gentlemen, I do not want to curtail the questioning in any way but I think we have had a pretty good wide open discussion.

Mr. GREEN: Well, Mr. Chairman, there are some other matters in which I am interested.

By Mr. Green:

Q. What is the policy of the Board with regard to the control of competition? I understand that you are pretty strict about lines competing on routes. Does that mean that you decide that one line shall have a monopoly on a route; or, just what does it mean?—A. The policy of the government, as you will recollect, was laid down some time ago to the effect that not more than one "scheduled" air line, to make that distinction, should operate on any one route, and the Board has operated within the framework of that general policy in that where we have found that public convenience and necessity require the provision of a scheduled air service only one operator is licensed to perform that service. That does not mean, however, that you may not have competition within the schedule field itself because services may be provided between two points over different routes by two different carriers. In the Calgary-Vancouver situation, which is probably the best example that I could give you, we have T.C.A. operating a direct service between Calgary and Vancouver and the Canadian Pacific airlines provide a service by way of intermediate points such as Cranbrook and between the same two cities. Perhaps another good example is the service between Vancouver and Victoria where you have the T.C.A. providing the direct service and the Queen Charlotte Air Lines service operating by way of Nanaimo, which is not a very direct route; and you will find similar situations elsewhere within Canada. That is the position in regard to the scheduled field.

When you come to the non-scheduled field the policy is somewhat different. We use our discretion in granting to what we call class two routes which are services on an irregular basis following a regular route pattern. Normally speaking we have only had one carrier on a class two route for the simple reason that we have followed the philosophy which governed the decision regarding scheduled operators. The factor which governs in a situation of this kind is the potential traffic which exists in Canada, and generally it has not been sufficient to justify putting on more than one carrier; otherwise neither would have a chance to succeed. There have been a few cases where we have had to put in more than one class two carrier on some routes. Then the charter operators who do not operate over specified routes may fly over scheduled routes between scheduled points in some instances but not in others. I can give you the details of that policy, if necessary. They have also been granted protection at their own bases. I may say also that this system was put into effect at their own request after lengthy discussions with the Air Industries and Transport Association so that a carrier who has a charter base has the primary right to traffic out of that base. Where two charter carriers have the same base they have equal rights to the traffic out of that base.

Q. What control does the Board have over Trans-Canada Air Lines?—A. The Board is required to grant licences to Trans-Canada Air Lines in accordance with contracts that may be approved between the government and Trans-Canada Air Lines. That having been done, Trans-Canada Air Lines comes within the general rate jurisdiction of the Board; and as far as direct control in regard to their licensing goes we exercise no independent jurisdiction. We may be called upon to advise the government with regard to a proposed T.C.A. service, but once a contract is authorized by the government then we are required by statute to grant a licence.

Q. In effect then the operations of T.C.A. are outside of your scope and you have to issue permits for them to fly a route if they apply for it?—A. Except in so far as the period during which the route is being discussed in the first instance is concerned; that is, before the government reaches a decision to operate a certain route; and the practice is that the Board is called upon to advise the government as to whether it is a route which the government should designate for operation by T.C.A.

Q. And the T.C.A. routes are designated by the government?—A. That is correct.

Q. And once that has been done the Board has no jurisdiction?—A. The situation is virtually the same as when an international agreement authorizing routes is made. In the first instance our role is advisory and in negotiating, but once the decision is made by the government we carry it out.

Q. Which means that you really have no licensing authority in the international field, you act only in an advisory capacity?—A. That is correct, sir.

Q. You said also that one of your functions was to advise; what does the Board do in the way of getting new companies into the aviation field or in getting individuals to start new services? When the Board was set up in 1944 they were told that would be one of their functions, they were to be responsible directly, or to give a lead in supporting civil aviation in Canada. Does it function in that way, and if so, how?—A. We do our best, sir, to encourage existing operators or independent groups to provide services. We have certain of our staff working on general and specific investigations of that kind all the time, for instance, we have recently completed and released a study on secondary services in southern Ontario.

Q. I wonder if you could tell us how the development of potential routes is working out. Do you decide whether there should be new flights established?—A. Within the limits of our staff we do our best in that field.

Q. What areas in Canada are there which in the opinion of the Board should have air services which do not have them at the present time; are you giving consideration to that?—A. Well, sir, our map shows that Canada is pretty well covered by air service. It is not so much a case of providing new coverage as it is of improving or extending the coverage which already exists; that is replacing class 3 services by class 2 and class 2 by class 1.

By Mr. Adamson:

Q. From what has been said I gather that you exercise control over rates. Now, I am interested in this; the rates between the metropolitan areas of eastern Canada and to the Pacific coast, and let us say from Canada crossing to the American side and going to the same destination, appear to be governed by identical rates; that is, that the all-Canadian route charges about the same rate as the comparable American carrier would charge, and that seems to be the case irrespective of what route is involved as between central point and central point. Does the Air Transport Board fix those rates?—A. That is done partially by the Air Transport Board and partially as a result of international agreement. You see, the situation is one based on competition. From one eastern Canadian point to another Canadian point let us say on the west coast, the rates over such

a route would have to be competitive with the rate between those points by way of the United States. Those rates are determined really by competitive factors.

Q. Now, I would like to ask a question about safety regulations. How are they enforced on Canadian aircraft and United States aircraft, and what machinery have you for that purpose? I think it would be useful to have a statement from you with respect to safety regulations.—A. That is a matter which comes under the jurisdiction of the Department of Transport rather than under the Air Transport Board, but the general procedure is that any carrier whether foreign or domestic before it is permitted to operate must obtain, in addition to its licence, an operating certificate from the Department of Transport for Air and that department before granting such an operating certificate examines in considerable detail the air worthiness of the aircraft, the competence of the operating personnel and the ground facilities available. That is done whether it is a foreign or Canadian firm.

Q. And that check is made by the Department of Transport?—A. That is correct.

Q. And it is done regularly?—A. That is correct.

The CHAIRMAN: Well, gentlemen, I think we have been on this line of general questioning long enough now; shall we turn to the bill and take it up clause by clause?

Mr. GREEN: I have one or two more questions I would like to ask, if I may.

The CHAIRMAN: Go ahead.

By Mr. Green:

Q. Does the Air Transport Board file an annual report of its operations? I have in mind, for instance, the type of report that is filed by the Department of Transport; and I was wondering if you make a report of a similar nature. I think it would be very helpful to the committee to have such a report.—A. Do you mean do we table such a report in parliament, sir?

Q. Yes, an annual report.—A. We make no annual report. No statutory requirement was placed upon the Air Transport Board to make an annual report.

Mr. GREEN: Might I ask the minister about that? Is there any objection to having this Board file a report each year? I do not know whether the Board of Transport Commissioners do it or not but I think they do. Without such a report I do not see how members of the House or the public generally are going to be able to appreciate the work done by the Air Transport Board and I think it would be very helpful to the public and all concerned if such a report could be filed so that we could all have the full facts with regard to the administration and control of civil aviation in Canada.

Hon. Mr. CHEVRIER: I do not know whether there is any objection; I would have to give that matter some consideration. It means additional staff to prepare a report of that nature.

Mr. GREEN: How much additional staff?

Hon. Mr. CHEVRIER: I do not know, I would have to give it some consideration.

The CHAIRMAN: Are we ready to consider the bill clause by clause? Shall clause 1 carry?

1. Section two of the Aeronautics Act, chapter three of the Revised Statutes of Canada, 1927, as enacted by section two of chapter twenty-eight of the statutes of 1944-45, is repealed and the following substituted therefor:

"2. In this Part, 'Minister' means the Minister of Transport or such other Minister as the Governor in Council may from time to time designate, except that in any matter relating to defence, 'Minister' means the Minister of National Defence."

Mr. GREEN: Will the minister explain just how the Department of National Defence fits into this picture?

Hon. Mr. CHEVRIER: The Department of National Defence does not fit into the picture in any large measure. It did originally. The minister means the Minister of Transport or such other minister as the Governor in Council may designate, except that in any matter relating to defence, minister means the Minister of National Defence.

Mr. GREEN: Would you say what matters come under the Minister of National Defence in this Act? What is the division of authority between the Minister of Transport and the Minister of National Defence?

Hon. Mr. CHEVRIER: Well, there are certain airports in the country that come directly under the Minister of National Defence. We have had some discussion from time to time on that; the Minister of National Defence exercises control over these airports.

Mr. GREEN: In the case of those airports would the Air Transport Board have any authority?

Hon. Mr. CHEVRIER: No.

Mr. GREEN: The Minister of National Defence has the complete authority?

Hon. Mr. CHEVRIER: Yes.

Mr. GREEN: And has the Air Transport Board or the Minister of Transport any authority whatever in connection with military aircraft either Canadian or foreign?

Hon. Mr. CHEVRIER: No.

The CHAIRMAN: Shall the clause carry?

Carried.

Clause 2.

2. (1) Paragraph (b) of section three of the said Act is repealed and the following substituted therefor:

(b) to undertake, and to co-operate with persons undertaking, such projects, technical research, study or investigation as in his opinion will promote the development of aeronautics in Canada;

(2) Paragraph (h) of the said section three of the said Act is repealed and the following substituted therefor:

(h) to take such action as may be necessary to secure, by international regulation or otherwise, the rights of His Majesty in respect of His Government of Canada, in international air traffic;

(3) Paragraph (k) of the said section three of the said Act is repealed and the following substituted therefor:

(k) to investigate, examine and report on the operation and development of commercial air services within or partly within Canada or the limits of the territorial waters of Canada;

(4) Paragraph (l) of the said section three of the said Act is repealed and the following substituted therefor:

(l) to consider, draft and prepare for approval by the Governor in Council such regulations as may be considered necessary for the control or operation of aeronautics in Canada or within the limits of the territorial waters of Canada and for the control or operation of aircraft registered in Canada wherever such aircraft may be; and

Mr. GREEN: Will the minister explain clause 2? It sets out here that it is intended to include the increasingly important field of non-scheduled international services.

Hon. Mr. CHEVRIER: That is not a material change; it is a change in phraseology; it is one of those clauses I referred to earlier. The emphasis is being shifted now in the amendment from study to undertaking and cooperating with persons undertaking such projects, technical research, and the like. Earlier, the minister had the power to study development of aeronautics. We have advanced somewhat further and the intention now is to shift from study to undertaking and cooperating with persons with reference to projects, technical research, investigation and the like.

Mr. GREEN: This section is amending the powers of the minister.

Hon. Mr. CHEVRIER: That is right.

Mr. ADAMSON: It would be under this section that would come the dealings in such cases as that of the Colonial Air Lines Montreal to New York, would it not?

Hon. Mr. CHEVRIER: No, the question of Colonial would come up in part 2. I think that is all I need to say, it would come under part 2.

Mr. ADAMSON: Of this Act?

Hon. Mr. CHEVRIER: Yes.

Mr. ADAMSON: I just wondered because you have in paragraph 2 of the present Act:—

To take such action as may be necessary to secure, by international regulation or otherwise, the rights of His Majesty in respect of His Government of Canada, in international air routes;

You mean paragraph 2 of the Act itself?

Hon. Mr. CHEVRIER: No, if you are dealing now with the other section, the intention of changing the words "international air routes" to "international air traffic" is to give a wider scope to the board and the minister in so far as international flying is concerned.

Mr. GREEN: I notice this amendment is intended to include the increasingly important field of non-scheduled international air services. What is the policy with regard to these non-scheduled international air services? Can the minister give us a brief summary of the government policy with regard to these services?

Hon. Mr. CHEVRIER: Well, I do not think that would be easy; as was explained a moment ago there is a well-established policy with reference to scheduled services.

The CHAIRMAN: Mr. Murray, I was wondering if you could stay with us for a while longer.

Mr. MURRAY: I had the pleasure to introduce a motion which would reduce the number of members required to make a quorum from twenty to twelve; at a later date I will re-introduce that motion.

The CHAIRMAN: Thank you very much.

Hon. Mr. CHEVRIER: The amendment in the first case is to change the words international air routes to international air traffic because the word traffic is a broader concept than the word route and the object of the other amendment is to change:

to investigate, examine and report on all proposals for the institution of commercial air services—

That is being changed to read operation and development instead of proposals, which gives a broader field to the minister.

Mr. GREEN: I was asking about the policy with regard to these non-scheduled international air services. Mr. Baldwin said that is a new problem you have to meet and I was wondering if there is a government policy on that?

Hon. Mr. CHEVRIER: There is no final policy at the moment and I think that gradually when we meet with applications from international non-scheduled services we will evolve one.

The CHAIRMAN: Shall clause 2 carry?

Carried.

Clause 3, powers of the minister.

3 (1) That portion of subsection one of section four of the said Act that precedes paragraph (a) thereof is repealed and the following substituted therefor:

4 (1) Subject to the approval of the Governor in Council, the Minister may make regulations to control and regulate air navigation over Canada and the territorial waters of Canada and the conditions under which aircraft registered in Canada may be operated over the high seas or any territory not within Canada, and, without restricting the generality of the foregoing, may make regulations with respect to

(2) Paragraph (d) of the said subsection one of section four of the said Act, as enacted by section three of chapter twenty-eight of the statutes of 1944-45, is repealed and the following substituted therefor:

(d) the conditions under which aircraft may be used or operated;

(3) Paragraph (e) of the said subsection one of section four of the said Act is repealed and the following substituted therefor:

(e) the conditions under which goods, mails and passengers may be transported in aircraft and under which any act may be performed in or from aircraft or under which aircraft may be employed;

(4) Paragraph (i) of the said subsection one of section four of the said Act is repealed and the following substituted therefor:

(i) the institution and enforcement of such laws, rules and regulations as may be deemed necessary for the safe and proper navigation of aircraft in Canada or within the limits of the territorial waters of Canada and of aircraft registered in Canada wherever such aircraft may be; and

(5) Paragraph (j) of the said subsection one of section four of the said Act is repealed.

(6) Subsection two of section four of the said Act is repealed and the following substituted therefor:

(2) Any regulation made under subsection one may authorize the Minister to make orders or directions with respect to such matters coming within this section as the regulations may prescribe.

(7) Section four of the said Act is further amended by adding thereto the following subsection:

(3) Every person who violates the provisions of a regulation is guilty of an offence and is liable on summary conviction to a fine not exceeding five thousand dollars, or to imprisonment for a term not exceeding one year or to both fine and imprisonment.

Mr. GREEN: In the explanatory notes under paragraph 4, you say this amendment is intended to provide for the extension of control of Canadian registered aircraft beyond Canadian territorial limits.

What troubles have arisen in that connection, and in what way are those planes flying beyond Canada to be controlled? As I understand it, that does not apply to Trans-Canada Air lines at all.

Hon Mr. CHEVRIER: Oh, yes, it applies.

Perhaps the technical end might better be explained by one of the officers, but this change will apply not only to this section but to other sections of this bill. The point is that jurisdiction under the Act as it now stands relates to the territory of Canada and it is felt because of international arrangements and otherwise that Canadian aircraft and the services should always be governed by Canadian law, should be governed by Canadian regulations, should be governed by Canadian rates, and the intention is to give powers for control over operation of aircraft registered in Canada wherever such aircraft may be. That too is because of the International Convention and because of the bilateral air agreements that have been entered into between the United Kingdom and Canada and between the United States and Canada so that there will be control of Canadian aircraft and Canadian air services no matter what they are.

Mr. GREEN: Have you any control now?

Hon. Mr. CHEVRIER: Well, there is control but there is no statutory control. I suppose the question could be raised that when an aircraft is outside of Canada, Canadian laws do not apply.

The CHAIRMAN: Shall the clause carry?

Clause 3, powers of the minister to make regulations with approval of Governor in Council.

Mr. GREEN: Would the minister explain paragraph three, too?

Hon. Mr. CHEVRIER: That section deals with technical control, that is with safety standards, airworthiness, competence of operating personnel and the like, and deals with the authority of the minister to make regulations in performance of these duties. The section originally read:

Subject to approval by the Governor in Council, the minister shall have power to regulate and control aerial navigation over Canada and the territorial waters of Canada.

We propose to add:

and the conditions under which aircraft registered in Canada may be operated over the high seas or any territory not within Canada,

In other words for the reasons given a moment ago the minister will have power to make technical regulations covering Canadian aircraft outside Canada.

Mr. GREEN: The explanatory note there says:

this amendment is intended—that is referring to paragraph 2 of the new section 3—to mark clearly the application of the paragraph to the use and operation of aircraft as distinguished from the economic regulation of commercial air services.

Hon. Mr. CHEVRIER: You are referring to (d) now, the conditions under which aircraft may be used or operated.

Mr. GREEN: Why is it that that is a restriction on the powers of the Board? That is cutting down the powers of the board. Why was it necessary to do that?

Hon. Mr. CHEVRIER: The words "used or operated" in the phrase as it is presently drafted, are to distinguish between the powers of the board and the department so that there will be no duplication and no overlapping. The amendment defines the powers of the department, as distinguished from those of the board.

Mr. GREEN: It diminishes the power of the board, does it not?

The WITNESS: No, sir, that section deals with the powers of the minister and the Department of Transport; it has nothing to do with the powers of the board. The reason it is in is to prevent overlapping between the powers of the board and of the minister and the department.

Mr. ADAMSON: What machinery has the minister for this air safety work?

Hon. Mr. CHEVRIER: There is a division of the Department of Transport, the civil aviation branch. There are a number of inspectors, a number of examiners whose business it is to see that planes are airworthy before they leave; that they have the competent personnel required and the like. The regulations are made under these powers, which they follow; regulations are different in the case of international air services, domestic air services, charter air services and the like. I do not know how many men are employed but there is a substantial number.

Mr. ADAMSON: An airline is naturally jealous of its safety record particularly on a trans-Atlantic flight; the department is also, I imagine, extremely jealous of the safety of any person who flies from a Canadian airport and therefore the department would check every trans-Atlantic plane before it takes off: Would you know that? I ask this because we have such an enviable record of safety in Canada, and I thought some explanation might be useful to the committee.

Mr. FLEMING: Under the Act and regulations there is a requirement that each commercial operator be in possession of an operating certificate issued by the minister. This operating certificate is issued only when the minister is satisfied that the operator is adequately equipped and able to conduct a safe operation over the route or the area concerned, and that certificate is only granted after very detailed investigation of the procedures, the equipment, the personnel in possession of the operator, so therefore it is not necessary normally to check every flight although spot checks are made from time to time.

The CHAIRMAN: Thank you very much, Mr. Fleming.

Clause 3, para. 7, with its special clauses and paragraphs.

Mr. GREEN: On page 3, paragraph 6, which is the new section 3 of the Act in effect gives power to the minister now to make regulations. Formerly the regulations could only be made by Order in Council. This, of course, is giving the minister a greatly increased power and it looks to me as though it avoids the cabinet. Now, the ordinary way of passing regulations is by Order in Council.

Mr. CARROLL: This has reference only to the mode in which the regulations are to be carried out.

Mr. GREEN: I know, but it is a very unusual provision in the statute.

Any regulation made under subsection one may authorize the minister to make orders or directions with respect to such matters coming within this section as the regulations may prescribe.

Now, I presume that a breach of these orders would leave a person open to a penalty just in the same way as though he had broken a regulation, or it may be necessary to have special provisions. I wish the minister would explain why he cannot get along with regulations passed in the ordinary way.

The WITNESS: This refers not to the powers of the Air Transport Board but to the powers of the minister. It was felt that in aviation, which is a highly flexible and rapidly changing situation, there are occasions when special action has to be taken in this field of safety to meet an individual situation where time would not permit the procedure which is involved in the passage of an Order in Council, which may take several days. The purpose of this amendment is not to give the minister general powers of his own to make regulations but to allow him to act in special cases where rapid action is necessary to meet a given situation always within the scope of the regulations approved by the Governor in Council. It is something that is peculiarly necessary in aviation.

Mr. GREEN: Give us an example.

Mr. FLEMING: I can quote an example. There was somewhere in the regulations, I have forgotten the subsection number, a provision that an approach to land should be commenced from three thousand feet from the nearest boundary

of the airdrome. That was actually an air regulation that was passed under a blanket Order in Council. It was decided in order to facilitate air traffic control that this approach should be shortened to a thousand feet. It was then necessary to have an Order in Council passed to reduce the distance from which an approach should be commenced from three thousand feet to one thousand feet. It was for that reason this proposal was made; when I say that reason, I mean to cover instances such as the one I mentioned. There was no intentions to go beyond the scope of the regulations which had been passed by Order in Council, but rather to issue directions pursuant to such regulations.

Mr. GREEN: But, you see, Mr. Baldwin has put it on the basis of urgency, that some conditions might come up that had to be met by a change in the regulations, and they could not get that through by Order in Council and therefore the minister should have power to make a regulation quickly. Now, the result of that would be that the man who owns the airplane probably has no chance of finding out about this regulation, if it is made in a hurry like that, and therefore the whole idea of giving power to the minister, to any minister, to bring in a regulation like that, I think is very dangerous and the example that Mr. Fleming has given does not add up because it does not strengthen the argument, because that change can be covered by a change in the regulation in the ordinary way. There is no need for the minister to have power to do that without going to the cabinet. You see, the minister is given very wide power.

Mr. CARROLL: I know, but it is a regulation made by Order in Council that gives him that power.

Mr. GREEN: No, in the first paragraph of the new section 3, which is to be found on page 2, there the power is set up and that is the ordinary power given to make regulations "subject to the approval of the Governor in Council, the minister may make regulations to control and regulate air navigation over Canada".

He is given the widest possible power to make regulations subject to the approval of the cabinet. Now, they are asking in the new clause 2, for something entirely different and something which very rarely appears in a statute: I mean, this gives the Minister an additional power. He does not have to go to the cabinet. The reasons given for that by Mr. Baldwin is that there might be urgency, that the regulations had to be passed in a hurry to meet an emergent situation. Well now, I think we should give serious consideration to leaving the section as it is, giving the minister the widest powers to make regulations, subject to the approval of the cabinet. This other business of letting a minister legislate on his own means in effect that the legislation under this new section will be handled by an official in the department and some official will want to have something fixed so he can act in a hurry to meet some situation.

Mr. CARROLL: After it is set out in the Order in Council.

Mr. GREEN: No, the example given by Mr. Baldwin is where there is urgency they want to have power to make orders.

Hon. Mr. CHEVRIER: No, that is not the point at all. I think my honourable friend is not explaining it fairly. First of all, I think we should read the old Act—I think Mr. Carroll has a point that should be brought to the attention of the members—The Act reads as follows:

Subject to approval by the Governor in Council, the minister shall have power to regulate and control aerial navigation over Canada and the territorial waters of Canada, and in particular, but not to restrict the generality of the foregoing terms of this section, he may, with the approval aforesaid, make regulations with respect to—

(a), (b), (c), (d), (e), (f), and so on.

Therefore, under subsection 4(2) he already has the power to make regulations subject to the approval of the Governor in Council. All this says is that pursuant to 4(1), any regulation made in subsection 1 may authorize the minister to make orders within the scope of the regulations. The regulations which will have been made under 4(1) will have been submitted to the Governor in Council, and under these regulations submitted and approved by the Governor in Council the minister may give orders and directions; it is not as my honourable friend states; and furthermore I am informed that this is the way it is done in other countries. In the United Kingdom there is a section similar to this.

Mr. GREEN: Can Mr. Fleming then give us some case where this is necessary. The example he gave a minute ago does not come within that category. He said they wanted this advance cut from three thousand feet to one thousand feet. Now, that could be done and should be done, of course, by an amendment of the regulations and then everybody knows what the law is. There is a chance for the other members of the cabinet to know what is going on and to bring their judgment to bear on the change. But this does away with all these safeguards. The other members of the cabinet have no chance to check it and in effect it means that somebody in the department or in the Air Transport Board will write out an order and it becomes law and people can be fined under it.

Mr. FLEMING: I may be able to answer your question by stating a theoretical situation which might occur under the air regulations or at least under new air regulations which might be written pursuant to the Act. The air traffic control would be governed by air regulations generally speaking. Now, it may well be that we are unable to anticipate all the difficulties which we might encounter with the advent of jet aircraft, and with the introduction of jet aircraft we may find a situation occur overnight which would require a change of the procedures in effect in Canada. Now, the traffic control procedures, unless they are written in an air regulation can only be issued to the flying public by way of information and therefore in order to give them some force in law they would have to be introduced either as an air regulation approved by the Governor in Council or by a directive issued pursuant to such regulations and in view of the possibility of urgent change being required overnight, I think that the minister should have power to give some force of law to a procedure which might be subject to immediate change. I hope I have made myself clear.

Mr. GREEN: Do you use directives, as you call them, under this Act now in any way?

Mr. FLEMING: At the moment sir, we have information circulars and they have not the force of law. I am afraid that has been our difficulty to date.

Mr. CARROLL: But does it not specify the things that the minister may do? It has got to be specified in the regulations.

Mr. FLEMING: But not the details, sir.

Mr. CARROLL: But I do not know the details—that is a matter of administration.

Mr. APPLEWHAITE: I think we all sympathize with the point that Mr. Green has been attempting to make, that one man should not be allowed to make laws in this country. I suggest we are a little astray because a statement has been made in this discussion that it gives the minister power to make regulations but it only gives him power to issue certain orders under these regulations. I suggest that conditions being what they are, as new conditions arise, and if they arise, the responsible department is going to issue an order or directive to meet it. It may be that they will not have any statutory authority but they are going to have to meet the situation and they are going

to tell people what it is. As I see it, this says that before that happens, the order they issue will have legal backing; the power is now given to meet that situation when it arises.

Mr. GREEN: You have no such things as directives now under which a person can be fined.

Mr. FLEMING: We have something you might call a directive but which lacks force in law. We have been forced to call it an information circular. These are for the information and guidance of the aviation public but they have no real force in law.

Mr. GREEN: You are getting into a position where you will have your regulations and in addition to that you will have directives both of which are enforceable by law; in other words, both of which for infractions provide that a person can be dragged into court and fined now \$5,000 or one year in jail; is that to be the effect?

Mr. FLEMING: I would suggest, sir, that a directive, such as it is proposed would issue on the authority of the minister would rather amplify the administrative detail of the regulations and would not be quite the same.

Mr. GREEN: But if a person commits a breach of your directive action could be taken against him in court?

Mr. FLEMING: He might be in the position of having broken a regulation.

Mr. GREEN: You are asking in the same section that the penalty be increased to \$5,000 or one year.

The CHAIRMAN: Gentlemen, it is 1 o'clock; I would suggest that we adjourn until 4 o'clock and resume our sittings at that time, if that is satisfactory.

The committee adjourned.

AFTERNOON SESSION

TUESDAY, May 16, 1950.

—The committee resumed at 4 p.m.

The CHAIRMAN: Order.

Mr. MURRAY: Mr. Chairman, I move that we reduce the number required for a quorum from 20 to 12.

The CHAIRMAN: But that was voted down before.

Mr. MURRAY: Then I move that we reduce the required number for a quorum from 20 down to 14.

The CHAIRMAN: All in favour of reducing the quorum from 20 to 14 as moved by Mr. Murray?

The CHAIRMAN: All in favour?

Carried.

I think we shall make progress.

Mr. LENNARD: There are not enough here now. I am not opposed to the motion.

The CHAIRMAN: It won't have effect today. We shall have to get the permission of the House for the next meeting.

Mr. ADAMSON: What is the quorum today, is it still 20?

The CHAIRMAN: Mr. Green, do you wish to continue? You were questioning Mr. Baldwin, I think, when we adjourned.

Mr. GREEN: Yes, Mr. Chairman.

Mr. W. J. Matthews, Counsel for the Department of Transport, called:

By Mr. Green:

Q. Is it your intention that a breach of these directives would be subject to a penalty in the same way as a breach of the regulations?

Mr. CARROLL: I think the proper gentleman to address that question to would be counsel for the organization, if they have one here.

The CHAIRMAN: I beg your pardon?

Mr. CARROLL: I think that the proper witness to address that question to would be the counsel for the organization.

The CHAIRMAN: But Mr. Matthews is here and he is counsel for the department.

Mr. CARROLL: I am only suggesting it.

The WITNESS: Would you mind repeating the question, Mr. Green.

By Mr. Green:

Q. Is it the intention that any directives, so called, issued under this new clause 2 of section 4 should have the same effect as the regulations, in that if there is a breach of these directives, there will be the same penalty as there would be in the case of a breach of the regulations?—A. I think that would have to depend on the regulations themselves. And if the regulation said that certain directives of the minister had to be complied with, then I would think that non-compliance with the directives would involve a breach of the regulations which would result in a possible prosecution. It might come back to the regulations themselves and be treated as a breach of regulations.

Q. I would think there would be no need to have directives or to have a provision for directives unless they were going to carry the same penalty; and that you would not get any further ahead by writing a provision in this Act for directives unless they are to carry the same penalty.—A. I think that would be right.

Q. So the result will be, if this section goes into the Act, that a person who breaks any term of one of these directives could be subject to a fine of \$5,000 or to one year in jail.—A. If there was a provision in the regulations that non-compliance with the directive involved a breach of the regulations, that would be right.

By Mr. Applewhaite:

Q. Would it be possible that there might be a breach of an order or a directive under this section which was not also a breach of a regulation already approved?—A. Yes, I would think so. That would depend on what the order or directive was, and unless I had a concrete example, it would be pretty difficult to say.

By Mr. Green:

Q. I can agree that a breach of the regulations must be punishable; but if this new section goes into the law, then there will be the same punishment for the lesser thing, known as a directive; yet there are not the same provisions, for example, for publication in the *Gazette*, or for the public finding out about them. So my submission is—and frankly, it is not a matter of deep concern to me one way or the other—but my submission is that where the public is to be subject to a penalty which is a very heavy penalty, then at least they are entitled to have those provisions put in the shape of regulations and not merely contained in a directive which goes around or does not go around in a letter. I do not think it is giving to the man who has to pay the fine or who has to go to jail a fair run for his money.

MR. CARROLL: That was the question which bothered me: how these things should be promulgated. I think myself that most of these directives will not apply to the whole system; I think that something will happen let us say at an airport where a lot of people are coming in—I am not talking as an expert in aeronautics—and it may be found one morning that something happens in connection with one particular line which the regulations do not cover. So the minister would have the right under the regulations, to make some directive to apply to that particular place.

By Mr. Green:

Q. Is it the intention that these directives are merely to be the law for a short time until some terms can be written into the regulations?—A. I think generally speaking that would be correct. I think there is a similar provision in the Customs Act by which non-compliance with the order of a customs officer may bring a penalty. This kind of regulation is not new in the law.

Q. Well, the Customs Act is a little different. The Customs people have to deal, of course, with very many people. But this Act only concerns people in the aviation business. It is not an Act which deals with hundreds or thousands of people and which is administered by hundreds of officials at different points across the country. I think all the facts are brought out that I can think of. But would you be hurt very much in administering the Act if this new provision were dropped?—A. In answer I would say that Civil Aviation officials have been pressing for this section for a long time. We have had these information circulars out, but they have not had the force of law; and it was felt that it was rather futile to put these information circulars out if they did not have the force and sanction of law.

The regulations as presently written have been found to work hardship on helicopter operations, so an information circular was prepared in order to facilitate their operation by a broad interpretation of the regulations. This circular serves a useful purpose, but it has no force in law, and its provisions are open to dispute. In other words, the directions go out to the helicopter operators, but they have no sanction.

Q. Why cannot you deal with helicopters by the ordinary regulations? Why do you have to have directives instead of regulations?—A. This is a fast moving business and time is of the essence. We have to do these things quickly.

By Mr. Applewhaite:

Q. The regulations as used in the Act are passed by the Governor in Council. Is it the intention that the orders and directions under this section shall be of general application or are they orders or directions issued directly to one operator and brought to the attention of that operator, served on him, as it were, to cover one particular instance or particular situation only?—A. I think they might be both; but I think they are intended to be of general application.

Q. If they are of general application, then the objections which Mr. Green has raised are valid in my opinion.

THE CHAIRMAN: Shall the section carry?

MR. GREEN: Mr. Chairman, I would move that the section be deleted. I think it is going too far, particularly where the penalty is so great. If you were going to have two sets of penalties, with a much smaller penalty for infraction of a directive, then there might be some justification. But where you are simply taking these directives and making a person who breaks a directive subject to a year in jail, I think that is going too far.

THE CHAIRMAN: We have a motion before us. Mr. Green moves that the section be deleted. Are you ready for the motion.

By Mr. Applewhaite:

Q. I am not satisfied with this thing. I am, however, quite satisfied in my own mind that the first point is well taken. Therefore, I do not think it is good practice. At the same time I am of the opinion—I know very little about aviation—but I am of the opinion that some provision should be there whereby emergency orders which would be effective can be issued in a hurry to take care of unexpected occurrences. And I was under the impression, when I first read the Act, that the use of orders and directives meant what was referred to in my last question—an order or directive to an individual operator to take care of certain cases. The department may find that it needs some such authority as there is given here. However, the answers which two witnesses have given to Mr. Green would indicate that this is a wider authority than we should put in. If the department wishes, time might be taken to re-draft and re-consider the question; I am sure Mr. Green would be agreeable and I am sure that most of the members of the committee would be agreeable as well.—A. In answer to that I think it is unlikely that any prosecutions would be made for violation of any of these ordinary directives that are issued. They are very general in their application, and really only for safety purposes. I have a book of them here if you are interested in looking them over. One reads:

0/38/39

Dangerous alighting Area—Borthwick Lake, Ont.

52° 48' N.—93° 40' W.

The above-named lake is officially reported as being unfit for the use of aircraft either on floats or skis. Pilots are, therefore, advised that the use of this lake by aircraft must be discontinued from the date of receipt of this circular.

They are safety procedures and they are given in the form of directives. I think it would be very unlikely that any prosecution would be made.

By Mr. Green:

Q. Then why put them in the Act?—A. I think it is necessary to have a sanction behind them. I do not believe that people pay very much attention to things simply put out as information circulars unless there is a sanction behind them. There are other ways it could be done. They could have their certificates suspended, or something like that.

Q. Is not that a wiser way to cover it rather than to make it the same offence as a breach of the regulations?—A. Well, the minister would have to take the responsibility of cancelling the certificates, and it is quite a big responsibility to take.

By Mr. Goode:

Q. You just mean that as a threat?—A. Yes.

Mr. BYRNE: I am not a lawyer but I do travel considerably by aircraft and it seems to me that anything which is conducive to more safety in the matter of aviation is something which we consider very important. It is true that every pilot before he can obtain a commercial licence must know every detail of the regulations. But if he finds there are certain directives coming out which do not have the force of law and which would not deprive him of his licence if there should be a breach of them, I think it is quite conceivable that he would be less careful about these regulations. I do not see anything wrong with directives or regulations having the full force of law and I do not intend to support the motion put by the hon. member for Vancouver-Quadra.

Mr. FERGUSON: If a man breaks the terms of the directives of the department, has the department the right to suspend his licence? Take the case of fining reckless drivers.

The Hon. Mr. CHEVRIER: The power is contained in section 4 (a) as it stands today. But if you suspend a licence, you should know what happens. There would be a great cry and great objection to doing so; whereas in this case all that is being sought is an order under a regulation which would be made by virtue of the section.

Mr. FERGUSON: There is not much outcry when a reckless driver's licence is suspended.

The Hon. Mr. CHEVRIER: My friend had better go and practise law because when he gets into court he will find there is no greater complaint being made by people than those who feel that the law is too severe and too harsh in that respect.

Mr. FERGUSON: I do not think it is necessary to practise law in order to hear the squawking of reckless drivers; yet in most cases they have been tried by a court which is used to that class of case and justice has been meted out, and their licence is suspended. This is the same sort of case where a licence should be suspended. They might go to the minister and ask to get their licences back. But nevertheless they would not get their licences back if the court has decided that they should not have them. There are wealthy men who will pay a fine of \$50 and laugh about it. It is the suspension of the driver's permit which keeps them from exceeding the speed limit in many cases.

The Hon. Mr. CHEVRIER: I do not think you can put the motor car in the same position as an aircraft.

Mr. FERGUSON: A man will not pay heed to a directive from a department.

The Hon. Mr. CHEVRIER: We are discussing far more than that at the moment. That is only incidental.

The CHAIRMAN: We are discussing section 3 subsection 6, and Mr. Green has moved that the clause be deleted. I think we are ready for the motion.

Mr. GREEN: Mr. Chairman, as the minister has pointed out, there is power given to him under 4 (a) to have a regulation put through subject to approval by the Governor in Council which gives the minister the power to suspend and revoke the licence.

Mr. CARROLL: The Canadian licences.

Mr. GREEN: It is broad—"any licence". I suppose the way to meet this situation is for the minister to have a regulation put through giving him the power to suspend a licence for a certain time, or to deal with it in some other way if those people do not comply with the special directives. Then you would have a type of punishment which would not go so far out of line.

The Hon. Mr. CHEVRIER: That power is there already.

Mr. GREEN: I know. You have got that power now. You are asking to issue directives for the breach of which a person may be put in jail for a year.

By Mr. Applewhaite:

Q. I think we are still not right on this thing in the way we are discussing it. There are regulations which are general and which are promulgated by the Governor in Council; and then there are directives issued in the name of the minister. A sample of them has been given in that a certain lake is not safe to land on or to take off from. You will find similar things in marine law where you are notified that certain lights have been removed and that it is not safe to enter a certain harbour at night. Mr. Green fears that we are putting the general public in a position where a man is liable to \$5,000 penalty or a year in jail for not carrying out one of these directives issued by the minister. But I say, with due deference to the legal gentlemen present, that you would never get a

conviction under this law for a breach of one of these directives, because the subsection is drafted to read:

Every person who violates the provisions of a regulation is guilty of an offence. . . .

Suppose he violates the provision of a regulation or an order or a directive of minister—something which is issued under his authority. It will not be a regulation under the Act. Therefore, they will have some legal status because they have this Act behind them, but they won't be regulations simply because they have this \$5,000 fine behind them.—A. Possibly I can illustrate in answer to the question. Regulation 30 deals with aircraft flying in clouds, and it says that every aircraft flying beneath clouds shall always do so, so far as it is practicable, at an actual distance below the clouds which will enable it readily to see and to be seen.

In an extension of that regulation the department found it had to issue an information circular defining what the distance below the clouds would be that the aircraft could fly. And it was set at 500 feet as a ceiling. So these directives will be mostly used in extension or explanation of the regulations. I think you are quite right in saying that only a breach of the regulations should involve a penalty.

Mr. MURRAY: On the northwest stage route we have many aircraft driven by private owners. They violate all the rules and very often they come to grief. And when they do that, not only do they crash up and lose their lives, but the R.C.A.F. has to spend thousands and thousands of dollars to try to find them. They will land on any old place that they decide to land, such as right in the middle of the Alaska Highway. I am thinking of those little Piper Cubs, those small aircraft going up to the Yukon and Alaska. They will refuse to check in at the required flying stations and they will violate every weather rule, and they are a law unto themselves. So I think that anything which will curb them or bring them under control will save many lives and save a great deal of money for the Canadian taxpayer.

Mr. ADAMSON: I do not know a great deal about the law but I have done a considerable amount of bush flying, and I have persuaded pilots of airplanes to land on lakes which they told me were prohibited and not suitable for landing. But they have done so and we managed to get away with it because it was a chartered airplane and perhaps I was taking a chance and the pilot was taking a chance as well. However, I feel that unless your information circular which goes out has the force of law, it is unlikely to be given as much attention as it should be given. But if it should have the force of law, then attention would be paid to it. I do not say that you would get a great deal more safety. In that respect, I think our safety record is astoundingly good, particularly in bush flights. But I do say this: you would have cases where a directive is published and the pilots, and owners of these aircraft, will not know about them, so that quite frequently a breach of the directives will be made unknowingly. I do not know whether that is good law or not, but I suggest that the wording be amended under "offence and penalty", and that after the word "who" in subsection 3—

The CHAIRMAN: Mr. Adamson, I am sorry, but we are out of order. We have a motion by Mr. Green.

Mr. ADAMSON: I suggest that it be amended, that the word "knowingly" be inserted after "who" so that paragraph would read "who knowingly violate the provisions", and I so move. I do not know whether that will help us at all.

The CHAIRMAN: Would you mind giving the clerk the wording of your amendment?

Mr. ADAMSON: Insert the word "knowingly" between "who" and "violates the provisions," and I so move, or instead of the word "knowingly" insert the word "wilfully."

Mr. CARROLL: There seems to be a misconception as to the powers of the minister under this thing. Now, the minister cannot of his own volition make a directive or anything else unless he complies with the regulation that will be made giving him that power and it has as much the force of law as anything you will find in the criminal law. So far as the nature of the penalty is concerned there used to be in the old days a method of graduating the penalties; that is for an offence under this subsection \$5,000, and less under another, and so on down, but I have noticed in the very late years that magistrates or whoever try those cases are advised by the lawyers who are prosecuting these cases that different offences require different penalties. Magistrates in this country, I think are generally now trained in the law. They are in a position to decide what the penalty should be. However, I know, myself, of some magistrates who want to give the greatest penalty for everything in the world, such as hanging a man for manslaughter, if they could do that. I do not think that the people who break the law in smaller offences are going to be given a \$5,000 penalty or a year in jail either; it will probably be of the order of \$25 or so and probably no jail sentence at all.

The CHAIRMAN: Mr. Adamson's proposed amendment was on section 7. We are dealing with section 6, and Mr. Green moved that the said bill be amended by deleting therefrom paragraph (6) of clause 3; that is on page 3 of the bill. Are you ready for Mr. Green's motion? All in favour? Opposed?

The motion is lost.

Do you care now, Mr. Adamson, to make the amendment to section (7)?

Mr. ADAMSON: I move, seconded by Mr. Green and by Mr. Applewhaite.

The CHAIRMAN: You do not need to have a seconder here.

Mr. ADAMSON: I would suggest that section (7) be amended by inserting the word "wilfully" in line 11 after the word "who", so that the section (3) will read:

"Every person who wilfully violates the provisions of a regulation,"
et cetera.

Hon. Mr. CHEVRIER: I would like to hear what counsel has to say on that. My impression is that if you put the word "knowingly" in there, you would never get a conviction.

The WITNESS: I would say the same thing about the word "wilfully". It is true in the criminal code it does occur in various places. If you put the word "wilfully" in there it just makes it that much harder to get a conviction because the magistrates may say that may involve intent or malice. I do not think it should be there at all. It is hard enough to get a conviction in some of these cases anyway without going into the question of intention and malice.

Mr. MURRAY: I was a witness to a very serious accident where the control tower notified some plane coming in to stay off the field for fifteen minutes until a certain transport landed; he did not do so and the result was he came down and crashed into the transport, killing a number of people. He was not wilful nor malicious, he did not do it for a profit or a gain, but he simply did it. I am not a lawyer, but that is the thing that I would be out to prevent.

The CHAIRMAN: I think that under the circumstances and the explanation given by Mr. Matthews—

Mr. ADAMSON: I am prepared to withdraw the motion. I only moved it just to see if we could come to some compromise.

The CHAIRMAN: Are you ready for clause 4?

Mr. GREEN: I would like to know why they are after that increase in the penalty from \$1,000 to \$5,000 and from six months to one year?

The CHAIRMAN: You are speaking now on section (7), (3), on page 3?

Mr. GREEN: Yes.

The WITNESS: That was inserted in order to harmonize with the other penalties which are put in the bill in connection with part 2. As we know, the value of the dollar has gone down. I think raising it to \$5,000 is not out of the way. That corresponds to the penalty in the American Civil Aeronautics Act and it is lower than the one in the United Kingdom Act. I think the penalty is fair, it is a pretty serious thing, you know, in an aircraft, if there is a breach of regulations. It is always serious because it involves a number of lives. I think the penalty should be stiff.

Mr. GREEN: If there is any criminality about it, they can be punished under the criminal code. Have you any cases which would lead you to believe that this penalty should be multiplied by five? The increased cost of living is not as high as that. And the time in jail may be doubled. Why is that? I think there must have been some experiences in the administrative work leading to this. It seems pretty drastic to me. Could I have an answer to that, Mr. Chairman?

The CHAIRMAN: Yes.

Hon. Mr. CHEVRIER: I would say this, I think that you can have no better example of the picture than that which was given by Mr. Carroll. After all, magistrates are people with common sense, as are judges of district and county courts. They do not impose maximum penalties for minimum or small offences. The officers of the Department of Transport, the officers of the board, the body in the other place have given this careful consideration and that is what they recommend. My officers think it should be \$5,000 and they have reasons why it should be, and I hope that the committee will approve.

Mr. GREEN: Have you had any cases in which you feel that people got off too lightly?

Mr. BALDWIN: Mr. Green, Mr. Matthews explained that in part it was considered necessary to have a serious deterrent because a breach of safety regulations may cause heavy damage and may require a heavy penalty. It is also to make it consistent with the penalty clauses in part 2 where \$5,000 has been and remains the maximum penalty that may be imposed. We have had penalties running as high as \$2,000 imposed under part 2.

Mr. GOODE: I would just like to ask a question in regard to a hypothetical case. Suppose that an R.C.A.F. pilot landed on a civilian airport. According to my knowledge of it he would be subject to civil law, is that true? I do not think he would be subject to K.R., Canada? I think perhaps he would, but I would not argue with the minister for a moment. I understand that civil law is senior to army law in all cases of that kind. Perhaps you could answer this: if an R.C.A.F. pilot wilfully landed on a civilian airport after doing things he should not have done and he was subject to this law, how would the fine be paid? Perhaps this is not a subject in relation to the Act but I think the answer would be interesting.

Hon. Mr. CHEVRIER: The answer to the second part is that if he landed at a civilian airport I do not think he would be subject to the regulations we are discussing now. With reference to the first part, my recollection of K.R. of Canada is perhaps as vague as that of any member here, but I would think that an R.C.A.F. pilot would be subject to K.R. Canada first and then the civilian law next. Now, my friend, shakes his head. I am not an authority on this; it is not a matter that concerns the department and perhaps I am entirely wrong; then my recollection of K.R. Canada is wrong.

Mr. GOODE: I do support this, but I am a little touchy perhaps on this matter. I think he would be subject to civilian law. As an old sergeant major perhaps you will take it from me that he would be. If that were so, then how would this money be collected, that is what I would like to know?

Hon. Mr. CHEVRIER: It has just been pointed out to me that these regulations do not apply to a military aircraft.

Mr. GOODE: Would you tell me this? If the R.C.A.F. plane lands on a civilian airport and causes damage, then I think he would come under civilian law. Would you agree with me on that?

The WITNESS: If there was some damage caused no doubt there would be a claim made against the Crown as these regulations do not apply to any military aircraft, so you could not discipline the R.C.A.F. pilot under these regulations.

Hon. Mr. CHEVRIER: It would not be dealt with under the Aeronautics Act at all.

The CHAIRMAN: Shall the section carry?

Carried.

Are you ready for clause 4 with its subsections?

4. (1) Section six of the said Act, as enacted by section six of chapter twenty-eight of the statutes of 1944-45, is amended by adding thereto, immediately after paragraph (d) thereof, the following paragraph:

(dd) "hire or reward" means any payment, consideration, gratuity or benefit, directly or indirectly charged, demanded, received or collected for the use of an aircraft by a person who, as owner, lessee, hirer, pilot or otherwise, has possession of or control over the aircraft or has directed the movement of the aircraft;

(2) The said section six of the said Act is further amended by adding thereto the following subsection:

(2) This Part does not apply to aircraft that are used by His Majesty's Forces or by any armed forces co-operating with His Majesty's Forces and bear the insignia or markings of His Majesty's Forces or any such forces.

Mr. GREEN: Could Mr. Baldwin or one of the officers explain what the doubts were that were expressed in recent court cases about the meaning of 'hire or reward'?

Mr. BALDWIN: The doubts expressed in the case were based on the fact that an operation could not be considered an operation for 'hire or reward' if it did not show a profit.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Clause 5:

5. Subsections one and two of section seven A of the said Act, as enacted by section three of chapter nine of the statutes of 1945 (Second Session), are repealed and the following substituted therefor:

7A. (1) The Board shall have full jurisdiction to inquire into, hear and determine any matter

(a) where it appears to the Board that any person has failed to do any act, matter or thing required to be done by this Act or by any regulation, licence, permit, order or direction made thereunder by the Board, or that any person has done or is doing any act, matter or thing contrary to or in violation of this Part, or any such regulation, licence, permit, order or direction; or

- (b) where it appears to the Board that the circumstances may require the Board, in the public interest, to make any order or give any direction, leave, sanction or approval which by law it is authorized to make or give, or with respect to any matter, act, or thing which by this Part or any such regulation, licence, permit, order or direction is prohibited, sanctioned or required to be done.

(2) The Board may order and require any person to do, forthwith, or within or at any specified time and in any manner prescribed by the Board so far as is not inconsistent with this Act, any act, matter or thing which such person is or may be required to do under this Part, or any regulation, licence, permit, order or direction made thereunder by the Board and may forbid the doing or continuing of any act, matter or thing which is contrary to this Part or any such regulation, licence, permit, order or direction and shall, for the purposes of this section, have full jurisdiction to hear and determine all matters, whether of law or fact.

Mr. GREEN: Could we have an explanation of clause 5?

Mr. BALDWIN: The present wording of the Act gives us jurisdiction to investigate and issue a corrective order only on receipt of a formal complaint. There are a great many cases where the matter is brought to the attention of the board indirectly or through its own officers. We would like to have the power to make such investigation on our own initiative.

Mr. ADAMSON: That might be complaints of low flying?

Mr. BALDWIN: No, this particular section refers to the powers of the Air Transport Board and it would apply to such matters, for example, as a representation that an aircraft or an operator was flying a commercial air service without having obtained a licence.

The CHAIRMAN: Clause 5?

Carried.

Clause 6, regulations?

6. (1) Paragraphs (cc) and (dd) of section eleven of the said Act, as enacted by section four of chapter nine of the statutes of 1945 (Second Session), are repealed and the following substituted therefor:

- (cc) establishing classifications or groups of air carriers or commercial air services;
- (dd) excluding from the operation of the whole or any part of this Part or any regulation, order or direction made or issued pursuant thereto, any air carrier or commercial air service or class or group of air carriers or commercial air services;

(2) Paragraph (g) of the said section eleven of the said Act, as enacted by section six of chapter twenty-eight of the statutes of 1944-45, is repealed and the following substituted therefor:

- (g) respecting traffic, tolls and tariffs, and providing for the disallowance or suspension of any tariff or toll by the Board, the substitution of a tariff or toll satisfactory to the Board or the prescription by the Board of other tariffs or tolls in lieu of the tariffs or tolls so disallowed;
- (gg) respecting the manner and extent to which any regulations with respect to traffic, tolls or tariffs shall apply to any air carrier licensed by the Board or to any person operating an international air service pursuant to any international agreement or convention relating to civil aviation to which Canada is a party;

Mr. GREEN: On clause 6, this new paragraph (dd) bothers me a bit. Apparently there is power being taken to exclude from the operation of the part any air carrier or commercial air service or class or group or air carriers

or air services. What is the reason for taking that, for providing that you can exempt groups like that from the control of the board?

Mr. BALDWIN: The only change that is proposed in the bill is to add the words commercial air services in place of air carriers because our regulations as they apply are in terms of services rather than air carriers. There is no change other than that; the power of exclusion was in previously.

The CHAIRMAN: Shall the section carry?

Mr. GREEN: And this paragraph (2) refers to tariffs and tolls of foreign aircraft.

The CHAIRMAN: Paragraph (2) on page 4?

Mr. GREEN: What is the present situation in regard to your control over these foreign tariffs?

Mr. BALDWIN: They file tariffs with us as do domestic carriers but there is some doubt in the minds of our legal officers as to whether our jurisdiction actually applies to international services, and paragraph (gg) is intended to clarify that jurisdiction by making it possible for us to state in our regulations that we may exercise jurisdiction over the rates of foreign carriers without any question of legality being raised.

The CHAIRMAN: Clause 6?

Carried.

We are now on clause 7:

7. (1) Subsection three A of section twelve of the said Act, as enacted by section seven of chapter nine of the statutes of 1945 (Second Session), is repealed and the following substituted therefor:

(3A) The Board may exempt from the operation of the whole or any part of subsection three, any air carrier or commercial air service or any class or group thereof, except a scheduled commercial air service operating wholly within Canada or the operator thereof, either generally or for a limited period or in respect of a limited area, if in the opinion of the Board such exemption is in the public interest.

(2) Subsection four of the said section twelve of the said Act, as enacted by section eight of chapter nine of the statutes of 1945 (Second Session), is repealed and the following substituted therefor:

(4) Notwithstanding the issue of a licence under subsection one, no air carrier shall operate a commercial air service unless he holds a valid and subsisting certificate issued to him by the Minister certifying that the holder is adequately equipped and able to conduct a safe operation as an air carrier over the prescribed route or in the prescribed area.

(3) Subsections five and six of the said section twelve of the said Act, as enacted by section six of chapter twenty-eight of the statutes of 1944-45, are repealed and the following substituted therefor:

(5) In issuing any licence, the Board may prescribe the routes which may be followed or the areas to be served and may attach to the licence such conditions as the Board may consider necessary or desirable in the public interest and, without limiting the generality of the foregoing, the Board may impose conditions respecting schedules, places of call, carriage of passengers and freight, insurance, and, subject to the *Post Office Act*, the carriage of mail.

(6) The Board shall upon application grant to Trans-Canada Air Lines a licence to operate a commercial air service under such terms and subject to such conditions as will enable Trans-Canada Air Lines to perform any agreement made, under sections fifteen or twenty-five of The Trans-Canada

Air Lines Act, 1937, between the Minister of Transport and Trans-Canada Air Lines or between the Minister of Transport and any corporation created under section twenty of the said Act.

Mr. GREEN: On clause 7, there was one question raised in the House about which I would like to ask the minister.

This section 12 of the Act has a provision, subsection (2) which reads:

No such licence shall be issued in respect of a commercial air service, owned, leased, controlled or operated by any person who is engaged in the transport of goods or passengers for hire or reward by means other than aircraft unless the Governor in Council is of opinion that it is in the public interest that such licence be issued.

The side note says: "Not to be issued to persons engaged in other than aircraft transport." Now, when the section was originally passed in 1944 we were told that the reason it was done was because it was government policy that all railway companies and shipping companies had to get out of the air transport business. At that time the Canadian National was to be ordered to divest itself of its shares in the Trans-Canada Air Lines and the Canadian Pacific Railway was to get rid of Canadian Pacific Air Lines within a year. That was the reason that this subsection was put in the Act. Subsequently, some time later the government policy changed and, as you know, the Canadian National Railways still hold all the shares of Trans-Canada Air Lines and the Canadian Pacific Railway is still operating the Canadian Pacific Air Lines, so that I am wondering if there is any need of keeping that subsection in the Act. I never could see the point in it to say that a company or a person who was engaged in any kind of transport could not go into the aviation business, it did not make sense to me. It obviously did not make sense to the government either because they changed their policy about this restriction on a shipping company, for instance, having an aviation branch, or on a trucking company having an aviation branch. The minister said in the House we could discuss this when the bill got into committee. I would like to know whether there is any reason why that section should be retained in the Act?

Hon. Mr. CHEVRIER: I told Mr. Green when the matter came up in the House I had no views on it one way or the other, and that I had not given it any consideration. I have not given it any additional consideration since the time it was discussed, but I would like to hear what the Air Transport Board through its chairman has to say, and I suppose if there was to be any change I would want to discuss it a little further but, as I say, I have no views either one way or the other. Perhaps we could ask Mr. Baldwin.

Mr. BALDWIN: Mr. Green, I believe the original statutory restriction in this regard appears because it was felt that some such precaution was required to insure the fullest possible development of commercial aviation. The reason for that was that it might be possible for a surface carrier to acquire control of an air service which was competitive with it for the deliberate purpose of stifling the air service. That was the fundamental reasoning behind the original restriction, as I understand it, and I do not know that there is much more that I can offer in the way of explanation other than to say that there are alternative methods of taking care of that situation. One of them is the method which parliament took of writing this restriction into the Act leaving a way open for exceptions where no harm was going to result. Alternatively it could be dealt with through the control of licensing but it seems to me that the alternative selected is not a matter for the board to decide but for the government and parliament to decide upon.

Mr. GREEN: Have you come across any cases where a transport company went into an air operation on purpose to kill that air operation? I have never

heard of any such thing happening. I know the other side of the story is that people who are in the transportation business are in a better position to operate the new form of transportation than someone who is just a beginner and does not know anything about transportation business.

Mr. BALDWIN: It has not worked out in the fashion you indicated in Canada because of the existence of this statutory restriction. We cannot tell what would have happened had that restriction not been in effect.

Mr. MURRAY: You can see all around us what has happened in that commercial aviation has got along very well in this country. Canadian Pacific Air Lines is a most efficient organization, and the Trans-Canada Air Lines and these other private companies which have been operating in the west are also in that class.

Mr. GREEN: The Canadian Pacific Air Lines would not have been an efficient operation if the government had not changed its policy. If the government had carried out its policy of forcing the Canadian Pacific Railway to get rid of the Canadian Pacific Air Lines the Canadian Pacific Air Lines would not have been as efficient as it is today. So it cannot be claimed that their success is due to the policy set out in this section, it is in spite of the policy set out.

Mr. MURRAY: Yes, it is due very largely to the policy and initiative of the men at the head of Canadian Pacific Air Lines, and I might say that Mr. McConachie showed me a blueprint ten years ago outlining some of the things which were to be carried out and which have been carried out fully by the Canadian Pacific Air Lines, and whether it is in spite of it or because of it, we have a tremendous aviation industry in this country and we ought to see to its continued development.

The CHAIRMAN: Clause 7?

Carried.

Clause 8.

Carried.

Clause 9.

Carried.

Clause 10.

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Hon. Mr. CHEVRIER: I may have created the impression this morning in answer to a question asked by Mr. Green that there was no policy on non-scheduled international services. The Chairman of the Air Transport Board advises me that a circular has been issued which is a sort of an interim policy. There is no definite, no fixed policy; this is an interim policy, and that circular is No. 15 which has been issued by the board. I have not got it with me.

Mr. GREEN: Could we get a copy?

Hon. Mr. CHEVRIER: Yes.

The CHAIRMAN: There is nothing before the chair, gentlemen.

The committee adjourned.

~~Gov. Doc~~
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Canada, Railways, Canals and
Telegraph Lines, Standing Committee, 1950

SESSION 1950

HOUSE OF COMMONS

Government
Publication

CAI
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-R11

STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

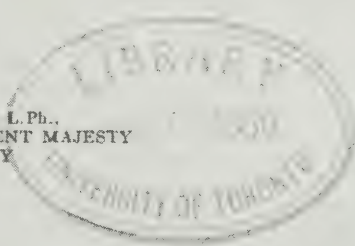
Bill No. 303 (Letter Y8 of the Senate),
An Act to amend the Canada Shipping Act, 1934.

TUESDAY, JUNE 20, 1950

WITNESSES:

Messrs. W. J. Matthews, A. A. Young, Captain J. W. Kerr, and Mr. W. A. Caton, of the Department of Transport;
Capt. J. N. Blouin, representing the Union of Radio Operators.

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and

Messrs.

Adamson,
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Bonnier,
Bourget,
Byrne,
Cannon,
Carroll,
Carter,
Chevrier,
Clark,
Darroch,
Decore,
Dewar,
Douglas,
Ferguson,
Follwell,
Garland,
Gauthier (*Portneuf*),

Gibson,
Gillis,
Goode,
Gourd (*Chapleau*),
Green,
Harrison,
Hatfield,
Herridge,
Higgins,
Hodgson,
James,
Jones,
Jutras,
Lafontaine,
Lennard,
Maybank,
McCulloch,
McGregor,
McIvor,
McLure,

Mott,
Murray (*Cariboo*),
Nixon,
Noseworthy,
Pearkes,
Pouliot,
Prudham,
Richard (*St. Maurice-
Lafleche*),
Riley,
Robinson,
Rooney,
Ross (*Hamilton East*),
Shaw,
Stuart (*Charlotte*),
Thomas,
Thomson,
Ward,
Whiteside,
Wylie—60.

(*Quorum, 14*)

ANTOINE CHASSÉ.

Clerk of the Committee

ORDERS OF REFERENCE

MONDAY, June 19, 1950.

Ordered.—That Bill No. 303 (Letter Y-8 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934," be referred to the said Committee.

TUESDAY, June 20, 1950.

Ordered.—That the name of Mr. Hatfield be substituted for that of Mr. Smith (*Calgary West*); and

That the name of Mr. McLure be substituted for that of Mr. Harkness on the said Committee.

LEON J. RAYMOND,

Clerk of the House.

MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

TUESDAY, June 20, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 3.00 o'clock p.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Breithaupt, Byrne, Carroll, Carter, Chevrier, Dewar, Garland, Gillis Goode Gourd (*Chapleau*), Green, Herridge, Hodgson, Jones, Lafontaine, Lennard, McCulloch, McGregor, McIvor, Mott, Nixon, Noseworthy, Pearkes, Riley, Robinson, Thomas, Ward, Whiteside.

In attendance: Mr. W. J. Matthews, Director of Administration and Legal Services; Mr. A. A. Young, Principal Steamship Inspector; Captain J. W. Kerr, Supervisor of Nautical Services; Mr. J. Fortier, Legal Adviser; Mr. W. A. Caton, Chief Inspector of Radio; all of the Department of Transport; Capt. J. N. Blouin, General Chairman of Radio Division, Commercial Telegraph Union (T.L.C.), (A.F.L.); Mr. (Ex-Staff Sgt.) Albert Downs, Criminal Investigation Branch, R.C.M.P.

The Committee considered Bill No. 303 (Letter Y8 of the Senate), An Act to amend the Canada Shipping Act, 1934.

Mr. Matthews was called. He briefly outlined the purpose of the bill. He was followed by Mr. Young, who explained the terms of Chapters *I, II, III*, and of part of *VI*, of the international convention for the safety of life at sea, 1948, signed at London on June 10, 1948, and contained in the Schedule to the said Bill. Captain Kerr explained the terms of Chapter *V*, and of part of Chapter *VI*, of the said convention. Mr. Caton followed with an explanation of Chapter *IV* thereof.

Captain Blouin was called after having asked to make certain representations, on behalf of the Union he represents, with respect to the regulations governing radio installations on ships and the employment of operators. The witness read into the records certain communications which appear in this day's printed report of the evidence. He was questioned at length and then was retired.

Messrs. Matthews, Young, Caton and Captain Kerr were again questioned on the various aspects of the 1948 international convention for the safety of life at sea, and on clauses of the bill, under study.

Clauses 1, 2, 3, and 4 of the said Bill were severally discussed and agreed to.

And a discussion arising on clause 5, and still continuing:

At 6.10 o'clock p.m., the Committee adjourned to meet again at 11.30 o'clock a.m., Wednesday, June 21, 1950.

ANTOINE CHASSE,
Clerk of the Committee.

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

TUESDAY, June 20, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met this day at 3 p.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, we have a quorum so we might as well proceed with the work of the committee. Bill Y8 of the Senate, which will be Bill No. 303 of the House, has been referred to this committee. At the outset perhaps it would be wise to have Mr. Matthews, general counsel for the department, outline the purposes of the Bill. If that meets with your approval I will call Mr. Matthews.

Mr. W. J. Matthews, General Counsel, Department of Transport, called:

Mr. GREEN: Mr. Chairman, was there an amendment in the Senate?

Hon. Mr. CHEVRIER: There was one amendment in section 10 of the Bill. The word "safety" has been stricken out and the word "appropriate" has been put in instead.

The CHAIRMAN: Are we ready to hear Mr. Matthews?

The WITNESS: Mr. Chairman and gentlemen, this Bill is not as formidable as it looks. It has to do mostly with the convention. The primary object of this Bill is to provide the necessary legislation to enable Canada to implement the International Convention for the Safety of Life at Sea which was signed on behalf of the Canadian government on June 10, 1948.

Like its predecessor, the 1929 convention, the 1948 convention applies only to passenger ships and to cargo ships of a certain size and then only when such ships are engaged on international voyages.

The 1948 convention differs from the 1929 convention in certain important respects which were indicated by the minister in his statement given on second reading of the Bill. It introduces for the first time the requirements as to life-saving appliances, fire fighting equipment, etc. for cargo ships, and also requires cargo ships of over 500 tons gross to carry radio equipment.

Attached to the 1948 convention (the body of which deals only with such matters as date of coming into force, accession, amendment, denunciation, implementation, relaxation in case of *force majeure*, war or other emergency, and other general matters) are six chapters of regulations. Chapter I deals with general provisions relating primarily to surveys, certificates and control; chapter II relates to construction; chapter III relates to life-saving appliances; chapter IV relates to radiotelegraphy and radiotelephony; chapter V relates to safety of navigation, and chapter VI relates to the carriage of grain and dangerous goods.

Clause 25 of the Bill provides for regulations to be made by the Governor in Council to give effect to the provisions of the convention. Clauses 25 to 58 inclusive contain amendments required by the safety convention. If the principles of the convention are accepted it follows that these clauses might also be accepted as necessary amendments to the Act required to implement

the convention. These clauses of the Bill will not come into force until proclamation and that will depend on the coming into force of the convention.

I should emphasize here that under article I of the convention the contracting governments undertake to give effect to the provisions of the convention and of the regulations annexed thereto so that if Canada accepts the convention, it must accept the convention as a whole. The convention is the result of the deliberations of the leading maritime nations of the world. Its purpose is to promote safety of life at sea. It provides for amendments to be made from time to time as the need arises but only through a recognized procedure set out in article IX. Parliament is unable to alter the terms of the convention but has to decide whether to accept or reject. It seems to me that the question before the committee in respect of the clauses of the Bill relating to the convention is whether the document as a whole meets with the committee's approval.

The regulations contained in appendix 2 to the convention contain the meat of the convention. They are in many respects technical and somewhat difficult for the layman to understand. In order to explain any question that may arise in this connection and to assist the committee in its work I have with me two officers of the department who attended the conference: Mr. A. A. Young, Principal Inspector of Hulls and Equipment, and Captain Kerr, Supervisor of Nautical Services. Mr. Young has made a special study of the convention and will answer questions relating to chapters 1, 2 and 3 and that part of chapter 6 relating to the carriage of dangerous cargoes. Captain Kerr will deal with chapter 5 on the safety of navigation and that part of chapter 6 respecting the carriage of grain cargoes. Mr. Caton of the Radio branch of the department is here to answer questions respecting the radio provisions of the convention contained in chapters 4 and 5. Mr. Fortier, legal adviser of the department, is also here. Between them all they should be able to give the committee the required information.

I think I should say here that I have also been in touch with Mr. McCallum, of the Shipping Federation of Canada, representing the ocean going vessels, and although he is not able to be here himself he has authorized me to say that the Shipping Federation approves the convention and has no objection to the Bill.

The other provisions are of a miscellaneous nature and an indication of the effect of them is given in the explanatory note.

I think I shall be able to explain in more detail when the Bill is taken up clause by clause. I think that is all I have to say at this time, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Matthews.

Now, as to procedure. Do you wish to hear these other gentlemen who are here to give evidence with respect to various items in the Bill or would you prefer to hear them as we go along?

Mr. GREEN: Mr. Chairman, has there been any request from any organizations to make representations about the Bill? For example, have the trade unions been given an opportunity to appear, or the shipping people or the ship owners?

Hon. Mr. CHEVRIER: Yes.

Mr. GREEN: Or the radio operators?

Hon. Mr. CHEVRIER: The shipping industry has been given every opportunity to appear and I believe they have made some representations to the committee established in the Department of Transport for the purpose of preparing this Bill. Not so with the unions. The union most directly interested in the past has been the Canadian Seamen's Union and my experience with that union has been such that I doubt very much whether any good purpose would be served by asking it to make representations. When they did come before the committee over which I presided in 1948 when the Act was brought down they made certain

representations. They had a long brief and they were given every opportunity, and they asked to be heard again when the Bill was before the House. They were not given that opportunity, and after the Bill went through no more was heard of their representations. There is another group which has asked for an opportunity to appear and they have made certain representations and I think we were able to insert most of the representations which they made. In any event, they were told that this meeting was taking place today some few days ago. I do not know whether they are here now or not.

Mr. GREEN: Who were they?

Hon. Mr. CHEVRIER: The Dominion Marine Association.

The CHAIRMAN: In addition to that I had a conversation a few minutes before the meeting today with Mr. Blouin representing the radio deputation who would like to make certain representations at the appropriate time which would appear to be now.

Mr. GREEN: How would it be if we were to take the convention first?

Hon. Mr. CHEVRIER: I do not know what procedure was followed at the other place.

The CHAIRMAN: There is not much we can do about the convention anyway.

Mr. GREEN: I think an understanding of the convention is necessary so as to enable us to understand the Bill. That would be my idea. I think we would get a better background if we went over the convention and saw what it is all about.

Hon. Mr. CHEVRIER: Perhaps we could call Mr. Young.

Mr. A. A. Young, Principal Inspector of Hulls and Equipment, Department of Transport, called:

The CHAIRMAN: Would you speak up a little louder, please; this is a bad room for acoustics.

The WITNESS: Mr. Chairman and gentlemen, the manner in which the convention was carried out was generally to follow the 1929 convention using it as a basis for discussions and dealing particularly with general shipping matters, services, certificates and so on; so I do not think there is any need to enlarge upon that. That is in chapter I. Chapter II deals with construction and it is divided into six parts. The first part covers application, the second part is on subdivision and stability, the third is electrical installations, the fourth is for better protection and accommodation of passengers, five is fire protection and extinction in passenger and cargo ships, and six is miscellaneous. The principal things which affect the 1929 convention are; provision has been made for closer subdivision in ships which make short international voyages and which carry more passengers than are provided for in lifeboat capacity. That was a change for the other convention which now compels owners and builders of new ships to guarantee that the ship can stand the effect of a collision which would flood two compartments at least. Generally speaking there is no change throughout the convention for subdivision requirements as regards permeability, floodable lengths and permissible lengths. There is provision in the new convention for the provision of sufficient intact stability in all ships but the requirements regarding the actual construction of a ship are very slightly changed. Most of the changes were to make the requirements more specific. In the case of water-tight doors in ships which are fitted mostly below the water line the type of water-tight door which is operated by a pulley and weight has been abolished and in its place the water-tight door is now a mechanically operated sliding door. Then, also, cargo or gangway doors are to be so fitted that their lowest points

will always be above water. All these things are practically in accordance with our present Canadian regulations. All passenger and cargo ships are required to be inclined and their stability ascertained on completion, and the builders are required to give that information to the master and owner of the ship. General requirements were introduced into this convention covering electrical installations in passenger ships and it also deals with emergency installations and precautions for safety from fire. One of the most important requirements in the convention deals with fire protection and accommodation and service spaces. They have been very completely dealt with, giving specific details regarding methods to be adopted and materials to be used and fire tests to be made. There are three methods through which this is done and they are all very interesting. The first is the United States method which makes a ship practically fireproof; the second is the British method which requires division of the ship into fire sections and the use of sprinklers; and the third is the continental system which affords protection by dividing the ship into specific areas of fire resisting construction.

The requirements for fire detection and extinction in the new convention are very little changed from those in the last—but they are more specific and more in keeping with the present Canadian regulations. Those are the principal points in chapter II which deals with construction.

Chapter III deals with life saving appliances and there is very little change in the present regulations. A slight increase has been made in the cubic capacity of lifeboats on ships making short international voyages. In the previous convention several types of lifeboat were acceptable. Under the present convention the only type acceptable is a lifeboat having rigid sides and internal buoyancy. In large passenger steamships motor lifeboats are required to be equipped with compression ignition engines. There is also provision in the new convention for mechanical propulsion of lifeboats—propelled by hand by means of crank machinery. Cargo ships of 1600 tons and over will be required to carry a motor boat or mechanically propelled boat. Some of the lifeboat equipment found very useful during the recent war has been adopted as part of standard equipment. The range for line throwing appliances—that is for life saving—has been considerably increased beyond the previous convention. One change has been made in the type of lifeboat davits to be fitted. The convention requires in both passenger and cargo ships of over 150 feet in length a new type of davit. The old radial type of davit has been abolished and mechanical davits substituted.

Life saving appliances have been set out for cargo ships and those are, to all intents and purposes, the same as those required by the present Canadian regulations.

In chapter VI which covers the carriage of grain and dangerous goods, general conditions have been laid down which are in both cases practically in keeping with the regulations in force now in Canada. That deals with the three chapters with which I have had to do.

The CHAIRMAN: Are there any questions anyone wishes to ask Mr. Young at this point?

By Mr. Green:

Q. I would like to ask him about the first chapter—that is on page 45. In the first place this convention will apply only to international voyages?—A. Yes, international voyages.

Q. It does not apply on the coast?—A. It does if you go from Vancouver to Seattle.

Q. From a Canadian port to an American port?—A. Yes.

Q. Otherwise it does not have any effect whatever?—A. It does not apply to voyages between two Canadian ports on the coast.

Q. Just what is meant by international voyage?—A. It is defined pretty well in regulation 2, paragraph (b) "international voyage" means a voyage from a country to which the present convention applies to a port outside such country, or conversely, and for this purpose every territory for the international relations of which a contracting government is responsible or for which the United Nations are the administering authority is regarded as a separate country."

Q. I see. In effect that means it applies to any voyage from Canada to another country or to a colony of another country?—A. That is correct.

Q. Then, apparently in the definition of "passenger" some of the people on the ship would not be counted as passengers?—A. That is also defined in section (c). As far as the international convention is concerned:—"a passenger is every person other than:—(i) the master and the members of the crew or other persons employed or engaged in any capacity on board a ship on the business of that ship; and (ii) a child under one year of age."

Q. And a ship is not considered to be a passenger ship unless it carries more than 12 passengers?—A. That is correct.

Q. These freighters which have one or two passengers would not qualify?—A. They are cargo ships.

Q. They are considered cargo vessels and not passenger ships?—A. That is correct.

Q. Why is there a distinction between a tanker and a cargo vessel?—A. A tanker is, to all intents and purposes, a completely closed vessel. Due to its construction it is allowed deeper loading than the others—but it is a cargo ship.

Q. How is it classed under the terms of the convention?—A. As a cargo ship. You will find only once or twice in the convention that a tanker is specifically mentioned for fire purposes.

Q. For the great bulk of considerations a tanker is considered to be the same as a cargo ship?—A. Yes.

Q. Then on page 46 apparently these regulations do not apply to: ships of war and troopships; cargo ships of less than 500 tons gross tonnage; ships not propelled by mechanical means; wooden ships of primitive build, such as dhows, junks, etc; pleasure yachts not engaged in trade and the fishing vessels.

Is there provision made under the regulations which cover any of those particular vessels?—A. No; as far as the convention is concerned those ships which are named here are in no way covered by the regulations.

Q. They are completely out?—A. Yes.

Q. Regulation 3 (b) as I read it provides that this convention has no effect whatever on the Great Lakes and on the Upper St. Lawrence river—that is above Montreal?—A. That is correct.

Q. Why is that area excluded entirely?—A. That was excluded specifically at the request of the United States government, which request we supported.

Q. Why did Canada not want that area covered?—A. I do not think it would be very fair to apply the requirements for deep sea ships to lake ships.

Q. Is there any convention between Canada and the United States concerning ships on the Great Lakes?—A. There is.

Q. That is separate?—A. It is really not a convention—it is an agreement.

Q. They are all covered by the Canada Shipping Act in any event?—A. Yes.

By Mr. Noseworthy:

Q. Do the amendments that this bill makes to the Canada Shipping Act apply to the Great Lakes as well?—A. There may be a few things in the bill itself but, with respect to the convention, it does not apply on the Great Lakes.

Mr. Goops: What about shipping going from a Canadian port to an American port on the Great Lakes? Does the convention not apply at all?

The Witness: No, those are inland voyages.

By Mr. Noseworthy:

Q. You just said that Great Lakes shipping comes under the Canada Shipping Act?—A. Yes, under the Canada Shipping Act but not under the international convention.

Q. The Canada Shipping Act is being amended by this bill?—A. That is true.

Q. The Act as amended applies to Great Lakes shipping?—A. The Act as a whole, as amended, will apply to Great Lakes shipping.

By Mr. Appleton:

Q. Does this international convention for safety of life at sea which we are considering cover provisions whereby under international agreement there are summer zones for traffic. Or is that a separate convention?—A. That is a separate convention. I might explain that a ship under these regulations would also be covered by the convention regarding load line markings which restrict loading. They are two entirely different conventions.

By Mr. Pearkes:

Q. Does this apply to other government vessels, other than war ships? I am thinking of patrol vessels, and the hydrographic survey vessels?—A. I would say that those ships would not be on international voyages in their normal service.

Q. What about cable ships?—A. Cable ships are freight ships as far as the convention is concerned, and it is probable that the life saving devices under the convention would apply.

Mr. McCulloch: There is a ship which runs up through the Thousand Islands—would it be covered?

The WITNESS: I do not think the convention would have anything to do with it.

By Mr. Goode:

Q. Having never run anything bigger than a duck punt you must excuse me if I ask these questions. If these changes are to be made how long would it be reasonable for a shipping company to make them or are they being made on vessels presently on the high seas?—A. There is provision for any government to apply the convention so far as reasonable and practical to existing ships.

Q. Let me take the west coast—and I hope I am asking a fair question—with respect to the ships running from Vancouver to Ketchikan, what would be a reasonable length of time?—A. I think they are under the 1929 convention now and there will be very few changes required.

Q. The feeling on the coast is that there are a lot of changes?—A. The government has power of exemption.

Mr. ROBINSON: Regulation 3(b) refers to ships "solely navigating the Great Lakes of North America and their connecting and tributary waters as far east as the lower exit of the Lachine canal", but ships of canal size would be operating below Montreal. Would this apply to them?

The WITNESS: Under the direct wording of the convention it might apply, but here again the government of any country has the power to make an exemption in the case of any specific ships.

Mr. GREEN: Under which regulation is that?

The WITNESS: At the beginning of all chapters.

By Mr. Robinson:

Q. Was that subject discussed at the meetings? It does not seem to me that 3(b) is very clear?—A. That subject was not discussed but my memory is that originally it was proposed by the United States that ships navigating on the Great Lakes should not have the convention applied to them, and it was at their own request that they put in the word "solely".

Q. That would seem to limit it very strictly to navigation above Montreal?

Hon. Mr. CHEVRIER: If you will look at the 1948 Canada Shipping Act you will see it was amended so that a journey could be extended from a point running across the west end of Anticosti Island—that is from Cape Des Rosiers on the south shore to the north shore and directly across the end of Anticosti Island. Reading both the Canada Shipping Act and the convention together it exempts ships on the Great Lakes down to that point.

Mr. ROBINSON: You do not feel there would be any difficulty in that respect?

Hon. Mr. CHEVRIER: There is certainly no difficulty in the distance I have mentioned that is from the Great Lakes to Anticosti east; there is no question about that. If, however, there was difficulty there is provision for representations being made between the two countries affected so as to amend the convention and, over and above that, there is the provision for exemption being granted.

By Mr. Nosworthy:

Q. Just following up the question I asked, am I clear that as far as ocean going traffic is concerned—international traffic—it comes under the terms of this convention plus the Canada Shipping Act?—A. That is true.

Q. As far as the Great Lakes shipping is concerned it comes under the convention plus?—A. An agreement; yes.

By Mr. Green:

Q. What will be the position when the St. Lawrence waterway is constructed and it is possible for these merchant vessels to come right in through the Great Lakes?—A. A ship coming from a foreign country will still be making an international voyage.

Q. Then would there be only one set of regulations or would you continue to have different regulations for ocean going vessels—that is for the Great Lakes vessels?

Hon. Mr. CHEVRIER: I think the answer to that is that ocean going vessels are bound by the terms of the convention and other vessels are bound by the terms of the Canada Shipping Act and/or the regulations made thereunder.

The CHAIRMAN: If there are no more questions, Mr. Young, may I say that we appreciate your answers.

Mr. GREEN: Mr. Young mentioned several chapters, as I understand it. I have some more questions on them. As I understood it these questions were all on chapter 1.

Hon. Mr. CHEVRIER: And on chapter 2. Did you have any questions on chapter 2?

By Mr. Green:

Q. Yes. On page 53, under regulation (c): "Each administration may, if it considers that the sheltered nature and position of the voyage are such as to render the application of any specific requirements of this chapter unreasonable or unnecessary, exempt from those requirements individual ships or classes of ships belonging to its country which, in the course of their voyage,

do not proceed more than twenty miles from the nearest land". How would that apply in Canada?—A. As a matter of fact we have been applying that since 1929. The same thing appears in the convention. If we think that a ship does not comply fully with the convention, we have the power to ask that it do.

Q. If it does not come within 20 miles?—A. If it does not come within 20 miles of the nearest land.

Q. In the fire regulations issued on the 12th of April 1950 the provision was for 15 miles.—A. These regulations do not apply.

Q. Why is there that difference?—A. Well, these regulations have to do with Canadian ships only. These regulations have to do with ships on inland and home trade voyages only. They do not apply to foreign going ships.

Q. Your regulations on page 53 only apply to ships which do not get more than 20 miles from land?—A. Yes.

Q. And they would be engaged in the coastal trade?—A. Yes. And we have taken the west coast. For example, a lot of ships out there have been exempted from certain requirements of the convention because of the sheltered nature of the route which they follow.

Q. Why is it 15 miles in one case and 20 miles in the other?—A. There is no convention between the two. These regulations have nothing to do with the convention.

Q. But they are both dealing with ships operating in the same waters?—A. The regulations which you have in your hand deal with home trade ships, not with international ships.

Q. But they may be plying the same waters?—A. They may, to a certain extent.

Hon. Mr. CHEVRIER: In part only.

By Mr. Peckes:

Q. In connection with this automatic sprinkler system which has to be installed, what is the minimum size of the ship or, rather, what is the maximum size of the ship before the automatic sprinkler system has to be installed?—A. The automatic sprinkler under the convention only applies to passenger ships, and it would be any passenger ship making an international voyage.

Q. Do these sprinkler systems work in cold weather?—A. Yes, they are all on the inside; they are not outside. They are all in an enclosed space within the ship.

The CHAIRMAN: Are there any other questions?

By Mr. Green:

Q. With respect to the provisions against fire on page 8, were those provisions in force in Canada before? I mean are they in force at the present time?—A. Those provisions will not come into force for international ships until the convention has been approved and 12 months after.

Q. Have we got similar provisions in Canada?

Hon. Mr. CHEVRIER: Under the 1929 convention we have pretty strict provisions; and the 1948 convention goes farther than the 1929 convention.

Mr. GREEN: How do these provisions compare with the fire regulations?

Hon. Mr. CHEVRIER: We have tried to adopt as closely as we can the fire provisions clause in the Safety of Life at Sea Convention. I explained in the House the difference between what existed before, what existed in the convention and what we did under those regulations.

Mr. GREEN: The fire regulations are really based on an international convention?

Hon. Mr. CHEVRIER: Yes, unquestionably.

Mr. GREEN: As closely as possible.

By the Chairman:

Q. You said that these provisions would not come into effect until after approval was given and for 12 months afterwards.—A. The convention does not come into force until 12 months after 15 countries have ratified it, 7 countries of which being countries with shipping of more than 1 million tons.

Q. It seems a long time. Why the delay?—A. The preparation of detailed regulations would be necessary.

By Mr. Goode:

Q. What is the position—I speak as a layman— of a ship belonging to a country which does not enter into the convention, and that ship comes into a Canadian port?—A. You will find that one section of the Bill is specifically made to cover that point. They should comply with the same conditions as Canadian ships.

Q. But what if they do not?—A. We could refuse them clearance.

Q. What if something should happen in our port? Have we a regulation to cover it?—A. If they cleared from their own country and arrived at one of our ports, we could not do anything about it. Perhaps we could stop them from going out.

The CHAIRMAN: I think that brings us to chapters 5 and 6 with respect to which Captain Kerr, the Supervisor of Nautical Services, was to make an explanation.

By Mr. Green:

Q. I have been calling the witness "Mr. Young". Probably I should have called him "Captain Young"?—A. "Mr." is correct.

Q. Do you also have to do with the life-saving appliances?—A. Yes, sir.

The CHAIRMAN: Would you mind stating the page, please, Mr. Green?

Mr. GREEN: Page 100.

The CHAIRMAN: Thank you.

By Mr. Green:

Q. I see there is a definition of a short international voyage. Will you explain the difference between an international voyage and a short international voyage? Why is there that distinction?—A. An international voyage is a voyage to any country in the world, between any two ports in the world, while a short international voyage is limited to a voyage between two ports which are not more than 600 miles apart, that is, a voyage not more than 600 miles in length from the last port in one country to the port of arrival in the other. The idea is that a short international voyage ship in many cases can be allowed to proceed with a smaller amount of life-saving appliances, provided, of course, that the sub-division of the ship is taken care of.

Q. Ships on an international voyage do not have to have the same amount of equipment as ships on an ordinary international voyage?—A. The equipment is largely the same with the exception of the life-saving appliances.

Q. What is the difference in life-saving appliances for these two types of ships?—A. If you turn to the table on page 113 you will find there against the "registered length of ship" the minimum capacity of life boats to be carried. On a ship making an international voyage, you must carry life boats for all on

board. But for a short international voyage, for example, in the case of a ship of 350 feet in length, she must have 4,300 cubic feet of life boats, being the normal capacity for about 430 people. In the case of a ship capable of carrying 1,000 people, those provisions of the regulations apply and in addition you can carry other life boats or buoyant apparatus to make up the balance.

Q. That is based on the theory that there would be other ships in the vicinity which would be able to rescue the people?—A. That is correct. And another factor is that ships of that type which do not carry life boats for all on board must be more closely sub-divided than a ship which carries life boats for all on board. The ship must be at least a two-compartment ship: I mean that two compartments must be capable of being flooded before the margin line will be submerged.

Q. Do the Canadian regulations make that distinction between short trips and regular international trips?—A. They do. Those regulations for all practical purposes are the same as the present regulations.

Q. There seems to be included here a provision for boat drills and fire drills.—A. That is right.

Q. Is that a new departure in Canadian shipping regulations?—A. That was not taken care of under the Act until this revision.

Hon. Mr. CHEVRIER: It was not in the Shipping Act.

Mr. GREEN: It was not in the Canada Shipping Act?

Hon. Mr. CHEVRIER: It is now in the Steamship Regulations which I tabled in the House.

Mr. GREEN: Canada has made fire drills compulsory for the first time by legislation.

Mr. GILLIS: I would like to ask a question, Mr. Chairman, as to procedure. We have been here for practically an hour now. We have done a lot of talking, but we have decided on nothing. If we are going to take up the convention section of this Bill, I think we should let the witness sit down and take it up clause by clause and argue the thing and finish with it as we go along. Otherwise, we can remain here for the rest of the session and not settle anything. So I move that we take the Bill and the convention section of it and discuss it clause by clause and settle the thing as we go along.

The CHAIRMAN: I am in the hands of the committee in that respect. I am not quite clear whether you mean to take up the convention clause by clause or the Bill?

Mr. GILLIS: Section by section.

The CHAIRMAN: You mean the Bill?

Mr. GILLIS: That is right.

The CHAIRMAN: And come to this in a general way.

Mr. GILLIS: I understood it was practically decided to take up the convention end of it first before we decided on the amendments to the Act. I move that we take up the convention and discuss it in the order in which it appears, and finish with it.

Mr. HERRIDGE: My understanding was that we were just asking general questions so that when we came to the Bill, section by section, we would have the thing cleared up in our minds.

The CHAIRMAN: That was the basis that we decided upon. However, I am in the hands of the committee.

Mr. PEARKES: Have we to pass on the convention, or is the convention included just for our information?

Hon. Mr. CHEVRIER: The convention is included for our information and our guidance. I think that parliament should know what the convention says. But

we cannot touch the convention at all. If we touch it, we reject it. We must accept it as it is. There are parts of the Bill dealing with the convention and there are other parts of the Bill dealing with the Canada Shipping Act.

By Mr. Green:

Q. I think it is important that we go over the convention because the minister will subsequently bring in a motion that Canada accept this convention just as was done in the case of the International Meteorological Organization. The latter convention was referred to the External Affairs Committee and they heard evidence on it, just as we are hearing evidence today on this safety convention. The External Affairs Committee brought in a recommendation that parliament authorize the government to accept the convention. I think the minister said yesterday he hoped this committee on Railways, Canals and Telegraphs would review the convention and bring in a similar recommendation. That is the very same work that was done by the External Affairs Committee in connection with the other convention. It would save trouble in the House if we did that. No doubt everybody will approve it. It is just a question of finding out all we can about the provisions before we do so.

Mr. CARROLL: Is this convention a part of the Act which will be passed by parliament? I would hardly think so.

Hon. Mr. CHEVRIER: Perhaps I could answer your question in this way: this convention has been already approved of by signature of Canada together with that of other countries. We could bring it in as a government notice of motion to approve the convention; but rather than to do that we would like to make it part of the Canada Shipping Act; so we are amending the Bill as we did with the 1929 convention. One of the reasons why we do it this way is so that it will form part of the Act which we have governing shipping in this country.

Mr. APPLEWHAITE: Will the convention be a permanent part of our statutes?

Hon. Mr. CHEVRIER: Yes.

The CHAIRMAN: Are we in favour of adopting Mr. Gillis' motion? All those in favour of the motion? Opposed?

I think we will carry on the way we are and perhaps we will make a little faster progress by being a little more general and figuring that a lot of these points will come up specifically as we go along. Might I suggest that—

Mr. GREEN: Are you going to start all over again?

The CHAIRMAN: No, we will go on now, we will continue. Now, we will call Mr. Kerr.

Mr. NOSEWORTHY: Was not the motion just put before the committee?

The CHAIRMAN: It was not carried. The motion was that we would take this clause by clause.

Mr. NOSEWORTHY: How many said "not agreed"?

The CHAIRMAN: We called for a vote, and, gentlemen, the least you can do is to vote. All in favour of Mr. Gillis's motion that we take the convention clause by clause—

Mr. CARROLL: From this part on?

The CHAIRMAN: From this part on.

Mr. APPLEWHAITE: Does that mean clause by clause of the Bill?

The CHAIRMAN: Clause by clause of the Bill.

Mr. GREEN: No, clause by clause of the convention.

Mr. GILLIS: Start with the convention.

The CHAIRMAN: You will be here two or three days then. Is that the wish of the committee then, that we go on clause by clause with the convention?

Some Hon. MEMBERS: Certainly not.

Hon. Mr. CHEVRIER: I think perhaps we could follow the procedure we have been following up to now. Let us keep these witnesses as long as the committee wants them and then let them go. The evidence will be taken and then when we come to the Bill, we will not have to call these witnesses over again.

The CHAIRMAN: Would that be agreeable?

Mr. GILLIS: It is immaterial to me. I wanted to get some order into things.

Mr. NOSEWORTHY: Could we take the convention chapter by chapter?

The CHAIRMAN: That is what we are doing in effect. Let us go ahead then. Are there any more questions? We are on chapter III. If we are through with chapters III and IV we will go on. Are there any more questions of Mr. Young?

Mr. GREEN: Which chapter is Mr. Young the expert on?

The CHAIRMAN: Up to chapter IV.

Mr. GREEN: We have covered chapters I, II, and III.

Hon. Mr. CHEVRIER: Let us go on to chapter VI. Mr. Young is concerned with part of VI. If you want to ask questions on this, Mr. Young will answer them.

The CHAIRMAN: Mr. Young is interested in Chapter VI regarding the carriage of grain, page 142, in the middle of the page. Is there anything on that, gentlemen?

Mr. GREEN: Does Mr. Young cover the whole of chapter VI.

Hon. Mr. CHEVRIER: No, Captain Kerr covers part of it. Mr. Young covers the part concerning the carriage of grain and dangerous goods.

By Mr. Green:

Q. Does this convention change the regulations for the carriage of dangerous goods?—A. It does not change them at all. Those regulations in the convention are only very general, and we have specific regulations which cover the same points.

Q. By the way, did Canada change her regulations after the Greenhill Park disaster in the Vancouver harbour?—A. There have been no changes made in the carriage of dangerous goods regulations.

Q. No changes are made in the regulations?—A. No change was made in the regulations since they were issued.

Q. Was that disaster caused by failure to comply with the regulations as they stood at the time?

Mr. MATTHEWS: I think that will have to be answered by another witness.

Mr. GREEN: Mr. Young does not know?

The WITNESS: No.

The CHAIRMAN: Suppose you wait until Mr. Kerr gives evidence. Any other points now?

By Mr. Mott:

Q. Mr. Chairman, who will answer the questions on Nitro-Prills?—A. As regards the Nitro-prills that subject has been under consideration between the Board of Steamship Inspection and the National Research Council for several years and they have not yet found that that kind of cargo, if carried, is dangerous.

Q. Has there been any decision given by the Research Council yet?—A. No definite decision has been given yet.

Q. And it is not considered dangerous?—A. The British have made tests by actually burning barges loaded with the material and they have not exploded.

Q. I am representing a city where there are thousands of tons in there all the time. There is one point I would like to find out from the shipping department or the ones representing it. Have they any information as to when the Research Council are going to bring down their findings?

The CHAIRMAN: That is hardly a fair question to put to the witness. He cannot answer that very well.

If there are no more questions—

Mr. GREEN: Who is responsible in Canada for the provisions covering these dangerous goods?

Hon. Mr. CHEVRIER: I would think it would be the National Harbours Board if the goods are within the jurisdiction of one of their ports; of the Department of Transport if the goods are within the jurisdiction of a Harbour Commission. As Mr. Young has indicated, a committee was set up composed of members of the National Harbours Board, the National Research Council officers, and the Department of Transport, and I think one or two other departments concerned, with the view of coming to a conclusion as to what regulations should or should not be adopted for the protection and the loading of such cargoes. Now, I do not know where it stands at the moment. I have a vague recollection on it but I would hesitate to use my memory; but I do know that the National Research Council and the National Harbours Board particularly have been working on the subject. Where it stands, I do not know, but perhaps I could get some information and have it tomorrow.

The CHAIRMAN: Chapter V. Would Captain Kerr give us his outline of this chapter and the other part of chapter VI. That is on page 133.

Captain J. W. Kerr, Supervisor of Nautical Services, called:

The WITNESS: Mr. Chairman, and gentlemen, chapter V has been brought up to date, the 1929 convention had similar provisions; the changes are made to bring up the procedure in keeping with marine practice and in keeping with the International Telecommunications Conference as it exists today. With regard to ice patrol, the United States agreed to continue the ice patrol as set out in chapter V.

Mr. GREEN: In what provision is that?

The WITNESS: Page 136, regulation six. The United States agreed to continue the ice patrol and the maritime nations of the world agreed to contribute towards the expense involved. Canada's contribution was raised from three per cent to five per cent of the gross expenditure on account of the increase in the Canadian Merchant Marine. The north Atlantic trade routes remain unchanged in regulation eight. Those routes, as you know, are laid down to keep ships clear of the greater part of the area where ice-bergs are to be found in the north Atlantic. The ice patrol ship gives warnings as to position of the ice, and in order to keep competition on an equal basis all the recognized shipping companies keep to these routes, covering the same ground on trans-Atlantic crossings and in keeping with safety regulations.

Direction, finding apparatus in regulation twelve has been brought down, from ships of 5,000 tons to ships of 1,600 tons gross. This is an extra requirement. The manning of ships remains the same as in the convention of 1929, and search and rescue is something new and in keeping—

Mr. GREEN: That is on page?

The WITNESS: Page 140.

The CHAIRMAN: Regulation fifteen.

The WITNESS: And in keeping with the arrangements made by the various maritime countries to give assistance to ships, or planes that may come down at sea. The arrangements are tied in with Departmental steamship services to bring aid in the most direct way and the shortest possible time to the scene of a disaster. The life-saving signals are also put in to facilitate the landing of

small boats on a stormy coast if they come from a ship that is wrecked and it becomes prudent to find a proper landing place. The provision of pilot ladders has been put in. I believe in regulation seventeen. This is the result of an international recommendation to have better pilot ladders over the sides of ships when pilots are embarking or disembarking. I believe several accidents have occurred and this recommendation is the result of those accidents.

Mr. CARROLL: Have there been any regulations made as regards the use of radar?

The WITNESS: No, sir, no regulations made that I am aware of.

The CHAIRMAN: I think a subsequent witness will come to that.

Mr. GREEN: That would come under chapter V, would it not, if there were any set regulations?

The WITNESS: It possibly would come under chapter V, or it might be a schedule attached to the convention if any recommendation should be made.

Mr. RILEY: These regulations with respect to pilot ladders—have they been installed as a result of representations made by pilots?

The WITNESS: No, I think it was on account of representations made by the United Kingdom authorities.

Mr. CARROLL: I think I made a representation of that kind in connection with the loss of a pilot boat in the Halifax harbour.

The WITNESS: Yes, you did. That is the Hebridian case. I should have remembered that.

By Mr. Green:

Q. Are there any of the leading maritime nations which are not parties to this convention?—A. They were all present and they all signed the convention as far as I am aware.

Q. How about Russia?—A. I think they were given a month to decide. I remember they were given a month to sign but they had to refer back to Moscow to get permission but I understand they did not sign.

Q. Are there any other nations not parties to the convention?—A. Russia is the only one I can think of.

Q. Yugoslavia?—A. Yugoslavia is not a maritime nation of any consequence, but I understand now that this country did not sign.

Mr. APPLEWHITE: I would like to ask a question on chapter V.

The CHAIRMAN: What is it on? Radio, too?

Mr. APPLEWHITE: No, on regulation fifteen.

The CHAIRMAN: All right, go ahead.

By Mr. Applewhite:

Q. I understand this is a dangerous subject to bring up. I am not looking for a long argument. The regulation says in very general terms each contracting government undertakes to insure and it goes on to say: "This arrangement should include". Is there anything in the nature of international inspection? Is it possible for other countries to insist that Canada, for instance, come up to a certain standard in search and rescue, and what is the position in any country that does not provide the facilities that other countries think they should provide.—A. I understand that the liaison between Canada and the United States in search and rescue is very close and very effective.

Q. I mean, under the terms of the convention.—A. I should think that the liaison work already done would continue and probably improve under the convention.

Q. But there is no provision for it in the convention?—A. There is no provision for it in the convention.

By Mr. Green:

Q. So that any of the other countries could require Canada to provide certain search and rescue ships?—A. I think the only country likely to make such a request is the United States, and our relations are so good at the present time that I cannot see any difficulty in the way.

Q. Quite, but the fact does remain that we might have to provide a search and rescue ship off the British Columbia coast as a part of the convention?—A. I think the ordinary life-saving facilities at sea would be sufficient to take care of a ship in distress irrespective of the nationality of the ship.

By Mr. Noseworthy:

Q. While you are on that point, Mr. Chairman, has the Canadian government as yet—I do not think it has applied the convention strictly—what steps has the Canadian government taken since confederation with Newfoundland to provide for ships to perform this search and rescue service around the coast of Newfoundland?—A. It is my understanding that the vessels of the Department of Transport on our coasts including Newfoundland, take part in search and rescue work; including vessels of the Departments of Transport and Fisheries; also the R.C.A.F. with their vessels and their planes; and it is my understanding that the search and rescue headquarters at Halifax takes in all the coast of Newfoundland and all other parts of Canada's East Coast.

Q. Do you know whether there have been any additional facilities such as ships, patrol vessels, made available on the coast of Newfoundland?—A. I do not know, sir.

The CHAIRMAN: If that is all shall we call Mr. Caton, the Chief Inspector of Radio?

By Mr. Green:

Q. I would like to ask Captain Kerr a further question. This regulation 15 in effect is a coast guard regulation, is it not?—A. I do not know, sir; but I do know that there is a very active and live organization among the various government departments in connection with search and rescue and for that reason all persons or vessels in distress on our coast are afforded protection.

Q. On the west coast at least we believe we are not getting a coast guard service in effect. You probably could answer that. That is the way we all feel about it and we would like to see something done about it. I think there is at least some obligation on Canada under this regulation 15 to establish in effect what is a coast guard service.—A. It is my understanding that Canada has already in effect a service of rescue on our coasts which would compare very very favourably with what is required under regulation 15.

Q. It would not compare very closely on the west coast.—A. On the west coast the R.C.A.F. are doing this work with their vessels and planes and in co-operation with the other government departments. I think the work being done in this respect is very effective.

Mr. GOODE: It is excellent.

By Mr. Green:

Q. But the regulation obviously applies to the North Atlantic routes?—A. Yes.

Q. And apparently there has been an agreement reached between the various countries with regard to the use of these North Atlantic routes?—A. Yes sir.

Q. Is there any other similar arrangement with regard to routes on the Pacific?—A. I do not think they have the ice problem on the North Pacific

that they have on the North Atlantic, but I do believe there is an agreement with respect to traffic across the North Pacific in the foggy season, for keeping ships clear of each other when on the normal shipping lanes.

Q. That is under this convention?—A. Well, the two things are somewhat different. On the one hand you have the ice patrol on the Atlantic—on the North Atlantic routes—they are made in connection with the ice patrol and for the avoidance of icebergs on the Grand Banks of Newfoundland.

Q. There would be great benefit to Canada, would there not, if we had some agreement concerning the Pacific?—A. No sir, I think the voluntary agreement between the steamship companies concerned is the best sort of agreement for the Pacific.

Q. Why is it true there?—A. Because of fog which is also found on the North Atlantic—

Q. We have fog on the Pacific too.

Mr. Goode: We get fog out there too.

The CHAIRMAN: And there is lots of fog down here too.

The WITNESS: Fog is a menace at certain times on both oceans.

Mr. GRIFFIN: Weather ships have not been established off the Pacific coast. I would suggest that the Department of Transport might look into the possibility of reaching some agreement concerning that out there.

Mr. Goode: I think it should be said here, Mr. Chairman, about this R.C.A.F. search and rescue crew on the west coast, that it is working most effectively and it is a great source of satisfaction to all concerned.

The CHAIRMAN: Then we come to chapter VI. Captain Kerr, you handle that paragraph too?

The WITNESS: Yes. Chapter VI includes regulations for the carriage of grain in bulk. This regulation was not in the 1929 convention. It was introduced I think at the request of the United Kingdom and the United States. It relates to the loading of grain cargoes in Canadian ports and the regulations are to allow ships to carry heavy grain as well as light grain in their upper 'tween decks.

By Mr. Green:

Q. What is that?—A. The upper decks, the upper 'tween decks, in between the upper decks, and to allow them to carry heavy grain in bulk in bins. If you take a space like this room, and divide it into additional rooms and make arrangements to keep grain in each bin so as to avoid the movement. By this means in a ship in a seaway a ship is kept from becoming unstable. This requirement will be taken care of under this regulation. In other words, through the introduction of this regulation we change a practice which has been in effect for many years past. In the light of the experience of the United Kingdom and other countries it was felt that by this change we would be making progress in the shipping of grain and provide for improved shipment of grain from Canadian ports to any other part of the world. It would mean that the movement of bulk grain cargoes would be expedited.

Q. Is that already in effect?—A. The proposed regulations are not in effect yet, but the matter is under consideration.

By Mr. Adamson:

Q. What is heavy grain?—A. Light grains under the regulations consist of oats and cotton seed; and all grains under our regulations, that is in regard to ships' cargoes, heavy grains include wheat, corn and barley. These are classed as heavy grains while oats and cotton seed—although we have no cotton seed originating in Canada—are classed as light grains. We can carry light grain in

upper 'tween decks at the present time but we want to have authority to ship heavy grains in upper 'tween deck space and that is the reason for the suggested change in the regulations.

Q. What does light grain weigh per bushel?—A. It would run probably from 42 to 50 pounds to the bushel, and I think heavy grain, if I remember rightly, would be about 60 pounds to the bushel. As a matter of fact, I know that this weight is used in working out capacity against the weight for wheat in the grain trade.

By Mr. Green:

Q. Will that reduce the cost of shipping grain?—A. It will reduce the cost in some cases. It will depend largely on the amount of lumber required in making the bins, otherwise you have to use burlap bags to bag the grain to cover the loose grain in a compartment. If you have to import burlap bags the cost factor has to be taken into account.

Q. Is it going to save cost?—A. It is going to save cost, certainly to the extent that we have to import burlap bags. We carry the grain sometimes in bulk on the upper decks and we have to top it off with grain in bags. If we have the lumber handy we can make bins and possibly do it more economically. The proposed regulations will have the effect of expediting the loading of grain, and it will also save to some extent in loading costs depending on the type of ship.

Q. That grain will be largely carried on vessels of other nations?—A. I think a cross section of the shipping at Vancouver would give a very good idea of the nationality of the ships that would carry grain from the west coast.

Q. Canada has a good many Swedish ships and British ships which come to Canada and carry grain on the return trip; would they be under the British or Swedish regulations?—A. Every shipload of grain loaded at Canadian ports has to comply with Canadian grain loading regulations and Canada is now considering the adoption by international agreement under the convention of general rules and conditions under which bulk grain shall be carried in future.

By Mr. Carroll:

Q. There is one question I would like to bring to your attention. You remember you were overseas a few years ago at a meeting at which the question of radar was up for discussion.—A. Yes.

Q. Were any regulations suggested at that time for its use of civilian shipping; I mean outside the navy?—A. The question of radar came up at the International Convention. Some countries felt that something should be done to give ships equipped with radar certain privileges, but the majority opinion was against it. I think myself that the general feeling of the convention was that while radar is an excellent aid to navigation it should be considered only as an aid to navigation, and that the rules of the road at sea should apply without any deviation from the rules as we know them at the moment when radar is used strictly as an aid to navigation.

Q. You perhaps know why I asked you that.

By Mr. Green:

Q. As a result of that is there any need today for compelling a ship at sea to be equipped with radar?—A. No sir, but I think the benefits which accrue from having radar in a ship are so great that the owner wants to make a quick turn-around on a voyage will have his ship equipped with radar.

MR. ADAMSON: Does this chapter also include the carriage of dangerous goods? I do not see mention here of nitrate.

HON. MR. CHEVRIER: We dealt with that before you came in.

The CHAIRMAN: I think we are now ready for the next phase of the Bill, and that is to have Mr. Caton give us the story as far as chapter IV, page 120, is concerned, on radiotelegraphy and radiotelephony.

Mr. W. A. Caton, Radio Division, Department of Transport, called:

The WITNESS: Mr. Chairman and gentlemen, the radio chapter of the safety convention has mainly been an amendment to take advantage of the technological terminology and the great growth in our knowledge since the first convention was written. Many of the things that were said in general terms in the earlier convention can now be said more precisely from the technical point of view. In addition there are certain specific changes as regard to the fitting of ships. The first is the advantage taken of radiotelephony wherein cargo ships from 500 to 1,600 tons may now be fitted with radiotelephony.

Mr. GREEN: That is cargo ships, not passenger ships.

The WITNESS: Cargo ships, not passenger ships. Prior to this new convention cargo ships of 1,600 tons and over were required to carry radiotelegraphy on international voyages. This convention has reduced the tonnage to 500 and permitted radiotelephony in addition to the requirement of radiotelegraphy down to 1,600.

Mr. GREEN: But before that they didn't have to have it?

The WITNESS: That is right.

Mr. PEARKES: But they now have to have either telegraphy or radiotelephony?

The WITNESS: Yes. There is no change in passenger ships; irrespective of size they are required to carry radiotelegraphy.

Mr. BROOKS: But only on international voyages.

The WITNESS: International voyages, that is what we are dealing with now. The exemption wording has been changed with respect to specific mileage from land and distance. That is the provision shown on page 121, exemption from regulation 3. This provides that the government may make exemptions bearing in mind the nature of the voyage, the distance of the ship from the shore, the length of the voyage and a general knowledge of hazards and other conditions affecting safety. In the same way these provisions allow for exemption through the use of radiotelephony in certain circumstances.

Mr. GREEN: In other words, there is very wide discretions given there to exempt a ship?

The WITNESS: Yes. There is one very important change in watch regulations. The new convention requires that each ship compulsorily fitted, must keep watch on the distress frequency while at sea, and there are provisions also that under certain circumstances where ships are fitted with an automatic alarm, the actual physical watch by operator is limited in accordance with the provisions on page 122 for passenger ships and cargo ships.

Mr. MOTT: Does it set out in the regulations how many operators must be carried—or because they have this alarm must they carry just one?

The WITNESS: It requires at least one operator: under regulation 7, one qualified operator—and with respect to passenger ships they require two operators.

The CHAIRMAN: Under regulation 7 (b)(ii). Are there any further questions, gentlemen?

Mr. GREEN: What about the radio logs required under regulation 16?

The WITNESS: The radio log has been laid down in a more specific and precise manner—as to just what will go in that log.

The CHAIRMAN: If there are no further questions—

By Mr. Green:

Q. There are more questions. Can you explain the difference between radio telegraphy and radio telephony?—A. Well, sir, I can tell you what we have. We have at all our coast stations on the Great Lakes down the St. Lawrence river, and around the Atlantic coast dual radio telegraphy and radio telephony stations. A ship at sea may communicate with a coast station by either system. Radio telephony has voice and it consists of a unit on board the ship which is usually operated by one of the officers on the ship and in the same manner as one would use an ordinary telephone. The officer picks up the 'phone and calls the coast station. The coast station accepts messages and in some cases, for instance Halifax, it can plug right into any telephone in the country.

Mr. GOODE: They do that in Vancouver too?

The WITNESS: Yes.

By Mr. Green:

Q. Under the radio telephony system you do not have an operator who has no other work to do?—A. That is correct.

Q. It may be the freight clerk or the purser or one of the officers—there is no man whose sole duty it is to look after communication?—A. That is the difference between radio telegraphy and radio telephony.

Q. So that if that man is doing something else when you call from one of your stations you do not get the ship? You get it only if the man happens to be there?—A. For safety purposes under the convention it provides for watch by loud speakers. That equipment would probably be installed on the bridge, which is a readily accessible place, and a man there would hear it. In addition there are systems in the Great Lakes where they ring bells—by selective calling.

Q. In the case of radio telegraphy there is an operator on the ship whose business is to look after that operation?—A. He is a specialist who does nothing else.

Q. That is certainly an advantage?—A. Yes.

By Mr. Goode:

Q. Does not section 8 say that there must be a radio telegraph operator on board?—A. He must be a member of the crew.

Q. And he must be qualified?—A. Yes.

By Mr. Green:

Q. What qualifications must he have?—A. We set up qualifications for different certificates in accordance with the International Telecommunications Convention. Those are generalized; the man is not supposed to be a technical man—other than to make minor adjustments to the equipment—turning it off and on.

Q. He does not have to fix the apparatus?—A. No.

Q. And primarily the purser or someone else answers the telephone and the particular man or may not be there when he is needed?—A. From a safety point of view, under the convention, I think when the regulations are drafted it will be necessary in compulsorily equipped ships that the telephone be in such a position that someone will be observing it or able to hear it at all times.

Mr. MOTT: Would that not be something for the officer of the watch?

The WITNESS: That is right.

Mr. ADAMSON: It rings automatically when the ship is called?

The WITNESS: It could be made to operate that way but it is not so automatically. It is a call on a loud speaker that is heard.

By Mr. Applehaite:

Q. Would you care to give an opinion as to whether radio telephone or radio telegraph—particularly with reference to the type of machinery—is most likely to go out of kilter, and not be likely to do the work?—A. That is a very difficult thing to answer.

Q. It is important, because you are making a difference in the class of vessels?—A. Radio telephony equipment can be built to very precise specifications—the same as any other type of equipment. It can be operated day in and day out without attention, the same as a broadcasting station if necessary. You must also appreciate that the equipment now in use on small vessels is not compulsorily fitted on those vessels. Therefore, they may carry lower powered equipment or short equipment which would be quite satisfactory to them. It is not required under the law and must only comply with the technical requirements as to interference from other equipment—there are certain needs there. Under the safety conventions more precise specifications are required and the guide to the specifications is included in the convention. When we draw up the regulations to implement the convention we will have to include technical provisions.

Q. What about the likelihood of the machines going into disrepair?—A. As I said, that is entirely a design factor. They can be built almost perfectly—not perfectly, as nothing is perfect.

Q. Is the equipment for radio telephone as protective and as well built to give service to other vessels as is the case with radio telegraph?—A. Perhaps the convention itself answers that by providing for radio telegraphy for all passenger ships on international voyage.

By Mr. Pearkes:

Q. Does the automatic alarm under regulation 11 apply automatically to radio telegraphy and radio telephony?—A. No sir, the countries in the world are working on auto alarm systems for radio telephony. On the Great Lakes, for commercial purposes, they have a selective calling radio system whereby they send certain tones over their radio frequency channels, and these tones ring a bell on board the ship they wish to call. That in a sense is an indication of the progress that may be made towards auto alarm.

Q. We have not got to that stage yet with ordinary ocean going vessels?

By Mr. Green:

Q. The nations who have signed this convention are pretty clear about the respective merits of radio telephony and radio telegraphy. It is set out at page 120 that: "Passenger ships irrespective of size, and cargo ships of 1600 tons gross tonnage and upwards, unless exempted under regulation 5, shall be fitted with a radio telegraph installation complying with the provisions of regulations 9 and 10."—A. Yes. As I say, at the present time radio telegraphy is capable of much greater range. Radio telephony is primarily a coastal communication system. As you can readily imagine interference resulting from electric storms and other signals would have a tendency to garble much more than is the case in radio telegraphy.

Q. Yes, with a lot of people speaking from tugs and so on there would be interference?—A. That is true, but interference is not wholly limited to radio telephony. Under the convention there is established a radio telephony distress frequency. That frequency was the result of the deliberations of the countries of the world in 1947 at Atlantic City—at the International Telecommunication Conference. They adopted a frequency of 2182 kilocycles as a world-wide radiotelephone distress frequency. While it may take some time to implement that, as all countries are not fitted with phone sets, yet we have an alternate of 1630—on the west coast—for radio telephony equipment on ships.

Q. I guess you know about the wreck of the Chelosin less than a year ago. She was coming into Vancouver in one of the 'rare' fogs we have out there and the man on the first narrows bridge who operates the radar station could see her heading right for the rocky shore of Stanley Park. He tried to warn her by radio telephone and could not get any answer and the ship piled up on the rocks.

Hon. Mr. CHEVRIER: It was not a case of the radio telephone going wrong.

Mr. GREEN: In any event she did not have radio telegraphy—she had radio telephone and if it had not been a smooth night there would have been quite a few drowned.

Hon. Mr. CHEVRIER: I would like to have you hear Captain Kerr on that.

Mr. KERR: In the case of the Chelosin the master of that ship was a man with many years experience and a man who thought he knew where the ship was all the way through. We have every confidence that was the cause of the wreck of the Chelosin.

Mr. GREEN: If he had heard the phone message from the bridge he would not have gone aground.

Mr. KERR: A man who has been doing a thing for twenty or twenty-five years may think he can do it so well that he does not have to check everything—and we all know it is human nature for shipmasters to be over confident. Many ships go ashore because of over confidence of the masters. They are so sure. Coming in from point Atkinson a mistake harbour was made and the ship went ashore at Stanley Park. The weather was calm and no one was injured—everyone got off.

Mr. GREEN: That was mere good luck than good management.

Mr. KERR: I think myself, if I may say so, that the wreck of the Chelosin was not due to any radio defect or lack of radio equipment. It was due to over confidence on the part of the master.

Mr. GREEN: There was considerable feeling that the master was wrongly blamed for it, but I do not know the facts.

Mr. KERR: We can all be blamed for over confidence at times, I think.

The CHAIRMAN: I think we are about at the point where we are ready to consider the bill clause by clause.

Mr. GREEN: What about Mr. Blouin?

The CHAIRMAN: I am sorry, you are quite right. At this point I meant to call Mr. Blouin because there is no juncture in the bill where we can call on him. He has a few things to say which I think are apropos at this time. Mr. Blouin is general chairman of the radio division of the Commercial Telegraphers Union and I think he has a few things to say in connection with conditions as they exist on the west coast of Canada with regard to compulsion of having competent radio officers on passenger vessels.

Mr. A. Blouin, General Chairman, Radio Division, Commercial Telegraphers Union, called:

The WITNESS: Mr. Chairman, and gentlemen, I have quite a lot to say, but I shall make it very brief because I know you people have been here a long time and would like to get home.

I have been in the radio business as a radio officer and operator for the last 35 years. I was on watch when the ill-fated Empress of Ireland got rammed near Rimouski; and since then I have been for ten years at sea on cargo boats, naval vessels, and passenger vessels; and for 25 years at coastal stations operated by Marconi for the government of Canada. So I think I can speak to you with some experience.

I would like to say a few words in conjunction with the last speaker, Mr. Caton, regarding radio telephony. At the Toronto station we have both the radio telephone and the radio telegraph. The radio telephone is not a device beyond error. It is a mechanical device and it may go wrong. My point is proven by the fact that we receive at the Toronto station an average of three or four calls per day for repairs; and moreover our company keeps key men at given points such as Port Arthur, Sault Ste. Marie, Montreal, Toronto and so on to effect repairs.

As radio men we believe in progress. At one time on the Great Lakes we had as many as 60 to 70 radio officers manning ships, cargo boats and passenger vessels. But at the present time there are only three left. Nevertheless we have accepted this modern progress. Although it has disposed of a lot of our men, they were fortunate enough to be taken on by the Department of Transport for the Air Service. As regards the automatic alarm, that is another mechanical device which does go wrong at times.

As a matter of fact, the American boats found there was such a large number of false alarms that with the operators being disturbed at night and charging for one hour overtime upon each occasion, it was more economical to keep three radio operators on the job. Accordingly they follow this practice at least in connection with passenger vessels.

The vital fact that we are most interested in is as follows: We have made representations ever since the year 1942 on the question of what work, especially on the west coast of Canada, shall be done in a combination of jobs. A man may be hired as a radio officer officially, but for practical purposes he has got to do freight clerk work and pursers work, and consequently is not able to attend to his radio work.

You will see that the Act provides that the radio log has to be kept up, that the radio has to be checked and that the batteries have to be kept at a very high standard in order to permit operation of the emergency set. To my mind there is no reason at all why passenger vessels should not carry an operator or a radio officer to attend to the wireless gear and to see that the safety of life of its passengers and crew are well protected.

I would like to read to you now a couple of brief letters from men who have been on the job, and at the same time I would like to leave with you a picture of the *Cardena* when she crashed on the rocks. You will see that this boat was in a very curious position. It was fortunate that it happened on a day which was rather calm and when there were no high winds blowing. If there had been a high wind, I do not know how any man on board could have handled the radio communication effectively and at the same time kept order and discipline on board the ship. It would have been impossible.

I would like to read to you a couple of letters from men on the west coast actually working on the job. The first letter reads as follows:—

DEAR SIR,

In May 1947 I was engaged by the Union Steamships Ltd., in the capacity of Radio Officer and Freight Clerk for the period of the University holidays. When being engaged I was told by Mr. Crompton of the Union Steamships that I would be under the jurisdiction of the Chief Purser and was to obey all his orders and that I was not to wear stripes outranking him.

I found in practice that I was required to work at least eight hours per day, often much more, as Freight Clerk, said duties to be performed in the Purser's Office, in the freight hold, and on the dock, as well as some in the Radio Office. After getting to sea in the S.S. *Cassiar*, the Master, Captain Godfrey, said to me: 'This company has never been very strict about radio watches. Since you will have plenty to do as

Freight Clerk, it is customary to get sleep when you can, regardless of radio watch keeping periods'. I replied that Official Radio Watches would be kept unless he ordered me, in writing, to do otherwise. He refused to give me such an order. I thereupon maintained Official Radio Watches and refused to do such other work as would interfere with those watches.

On completion of the first voyage, I told the Purser (Mr. Charles Guy) that I was unable to carry on under the circumstances. The Purser replied that the Company would not carry 'dead wood such as Radio Operators'. I thereupon quit.

I have another letter which is about the same length and which reads as follows:—

SIR,

On October 21st I joined S.S. *Princess Mary* at Vancouver as Radio Officer following a combination freight clerk-operator. I found two 6-volt units of the main 36-volt battery and both receiver filament batteries dead. The main battery is the sole source of power for the transmitter. I tried for three days to charge the defective main batteries, but they were hopelessly gone. The two receiver batteries, after three days of care, came up to full charge.

With the main battery as I found it the transmitter would run for about ten minutes, but if it was shut down after only one minute of operation it would not restart without putting the batteries on charge or allowing them to 'rest' for some time. This condition is one that must have developed gradually and should have been corrected, possibly several months ago.

The aerial lead-in was very slack and free to foul other aerials (broadcast), the whistle lanyard, etc. This also should have been attended to long ago. There were also a number of minor faults indicating a serious laxity in radio maintenance.

I am enclosing a copy of the log (PV) for a few days previous to my coming here and also for a few days of September. It is typical of copies on the station dating back three years to June 1945. There is no indication in any of them of any watches ever having been maintained. Even arrival and departure times are seldom mentioned.

I might add that the Purser told me himself that a 'combination' man who attended to his radio duties would be of no use to him. I am hereonly temporarily as Radio Officer only and he considers this a much more satisfactory arrangement.

We know that the International Convention for Safety of Life at Sea calls for a certain minimum. I think that a country such as Canada could go further in its amendment of the present Canada Shipping Act and put a few teeth into the amendment which would compel ship owners to hire radio operators on passenger vessels on the west coast of Canada. That would mean, of course, an addition expenditure of approximately \$200 a month. But some of them to carry hundreds of passengers.

By Mr. Herridge:

Q. On each ship?—A. Yes. The cost is very small and I would urge upon you gentlemen to use your good offices here to see that radio officers are carried on passenger ships operating on the west coast of Canada. I thank you very much, Mr. Chairman, the Honourable Minister, and gentlemen.

By Mr. Goode:

Q. On this subject of shipping on the west coast that you were speaking about, I do not think it would be reasonable to ask the small boats of the Union Steamship Company, for instance, to carry radio operators to do that work alone. I have watched them at work and I would see a fellow walk down to the bottom of the gang plank; and if there happened to be a couple of cases of sardines, he would check them up and away we would go. Do you think it is unreasonable to ask a radio officer to do that type of work?—A. You may find that the cost of \$200 a month would add up to your expenditures, but on the other hand for a trifling cost you will have that man on board and in case of emergency he may be able to save not only lives but thousand of dollars worth of merchandise. I think as a matter of safety the radio man should attend to radio business alone and not to other work; because if you have that loophole and try to have the radio man do other jobs, the matter grows. One day he will be asked to do certain duties and on another day he will be asked to do a little more, so that in time it may increase and increase until it gets beyond all proportions.

Q. I shall not argue with you at the moment whether you are right or wrong. But I do recall seeing the boat you spoke of, the *Cassiar*, and I would be unwilling to support the idea of a radio man sitting up on his little bridge doing only that one job because they are not outside of land for five minutes in a day. I am thinking of the run from Vancouver to Squamish, for instance.

Mr. GREEN: I do not think it applies to the run to Squamish.

Mr. GOODE: I think he mentioned the *Cassiar*, which takes that run.

Mr. GREEN: The run to the north.

Mr. GOODE: I wonder if Captain Kerr considers that the *Cardena* wreck was a matter of over-confidence as well? Those two ships, which you mentioned before, are both owned by the same shipping company.

Captain KERR: May I inquire if the wreck or the accident to the *Cardena* is what you have in mind.

The WITNESS: The *Cardena* had only a radio telephone. She had no operator. She was carrying passengers.

Captain KERR: It is not unusual for ships on the west coast in foggy weather to go ashore.

Mr. GOODE: Could I ask you a specific question, Captain Kerr? Do you think that the wreck of the *Cardena* was due to over-confidence.

Captain KERR: I would like to have a look at the report first.

Mr. GOODE: Well, you offered a definite opinion in the case of the other boat today?

Captain KERR: An inquiry into the wreck was held, and I had the report before me.

Hon. Mr. CHEVRIER: I asked Captain Kerr to make a report on it. It is the responsibility of the Department of Transport to see to amendments of the Canada Shipping Act. The cases which Captain Blouin discussed were given careful consideration. I would like to hear men from the department say that and the reason why instructions were put into effect for amendment to the Act.

Mr. PEARKES: Did I understand Captain Blouin to say that all passenger ships should carry wireless operators?

Hon. Mr. CHEVRIER: I think he said that he saw no reason why every passenger ship should not.

Mr. MOTT: At the present time passenger ships are not carrying qualified wireless operators. Therefore the one who has to look after the radio may not

be qualified to look after the equipment. With respect to Mr. Goode's question concerning the ships going to Squamish, it seems to me that the wireless operator may be stuck up in the cabin and he may be listening to other ships at sea.

Hon. Mr. CHEVRIER: They carry a radio telephoner and operate a radio telephone.

The CHAIRMAN: Do you wish to hear from Mr. Matthews now?

Mr. ADAMSON: Surely the international agreement for safety at sea would require every passenger vessel to carry a wireless telegrapher?

Hon. Mr. CHEVRIER: This has nothing to do with international vessels. This is a different matter altogether. We have dealt with the convention. This has to do with our own ships.

Mr. ADAMSON: But even if they ran to Alaska, surely?

The CHAIRMAN: Let us hear Mr. Matthews. Perhaps he can shed some light on the situation.

Mr. HERRIDGE: I would suggest that the witness explain to the committee what the condition on the coast is at the present time; what officers they are carrying?

Mr. PEARKES: I would like to have it made quite clear on this point: do you mean small ferries like the *Cy Peck* carrying, on some occasions, as many as 100 passengers going from the Saanich Peninsula to the Gulf Islands? Would they be expected to carry a wireless operator? Was that the recommendation of the witness?

Hon. Mr. CHEVRIER: Perhaps the witness had better answer that question.

The WITNESS: The gentleman here was talking to me when you asked your question, Mr. Pearkes.

Mr. PEARKES: What I think you said was that passenger carrying ships on the west coast would be expected to carry a wireless officer operator. Would that apply to such ships as the *Cy Peck* which plies between the Saanich Peninsula and Ganges and which sometimes carries as many as 100 passengers to the Gulf Islands.

The WITNESS: No, sir, we are not asking for that at all, we are not asking for ferries, we are asking for boats going at least fifty miles.

Hon. Mr. CHEVRIER: General Pearkes asked where the line is drawn?

The WITNESS: That is up to the department, to Mr. Lefrançois, to draw the line; I said, all vessels carrying passengers, I did not say vessels going certain distances. I was not very explicit about that. I certainly did not have the ferry boats in mind.

Mr. HODGSON: Any passenger ship, even if it is a ferry boat, carrying a hundred passengers should have a wireless operator on it.

Mr. MATTHEWS: The departmental committee of the Department of Transport considered this amendment, went into this question very carefully and those officers concerned with the navigational features and the officers concerned with the radio formed a special committee and they decided to make a survey of the west coast and for doing that they appointed Captain Barbour, who is the supervisor of masters and mates, and he made the report. I would like to summarize what his report indicates.

Mr. GREEN: Does that explain what the provisions are at the moment?

Hon. Mr. CHEVRIER: The report does not but someone here could.

Mr. GREEN: Could Mr. Matthews tell us what the law is now?

Mr. HERRIDGE: And what the conditions are at the present time?

The CHAIRMAN: That would be interesting.

Mr. MATTHEWS: I will ask Mr. Caton to explain that from a technical standpoint.

Mr. CATON: Section 406 (2) provides (a) All passenger steamships, whether registered in Canada or not, which are not within subsection (1) of this section (i) carrying or certified to carry fifty or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than 200 nautical miles from one place to another place; or (ii) carrying or certified to carry 250 or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than ninety nautical miles from one place to another place; or (iii) carrying or certified to carry five hundred or more persons including passengers and crew and going on any voyage which is or which includes a voyage of more than twenty nautical miles from one place to another place; shall before leaving any place in Canada be fitted with a radiotelegraph installation complying with the provisions of Article 31 of the Safety Convention and shall carry such operators with such qualifications as are prescribed in the regulations issued hereunder.

Hon. Mr. CHEVRIER: Will you tell us just what that means to the layman?

Mr. ROBINSON: In so far as operators are concerned.

Hon. Mr. CHEVRIER: Tell us what is asked for by these representations?

Mr. CATON: It means that a vessel carrying fifty or more persons and going on a voyage of more than 200 nautical miles must be equipped with a radiotelegraph installation.

Mr. PEARKES: That means a non-stop voyage, does it?

Mr. CATON: That is from one place to another place.

Mr. PEARKES: Non-stop?

Mr. APPLEWHITE: If the voyage undertaken was 600 miles and the ship stopped every 100 miles you would regard that as a voyage of less than 200 miles.

Mr. CATON: That is correct, from one place to another.

Now, if that ship carries or is certified to carry 250 or more passengers and goes on a voyage greater than ninety nautical miles it shall be equipped with a radiotelegraph installation.

Mr. GREEN: That is, a bigger ship?

Mr. CATON: Carrying more passengers. It is on the basis of the passengers rather than the size of the ship.

Mr. MOTT: They have to carry a qualified operator?

Mr. CATON: That is correct. And if a ship is carrying, or certified to carry, 500 or more persons on a voyage of more than twenty nautical miles, it shall carry a radiotelegraph installation and an operator.

Mr. MOTT: That gets us down to the ferry boat stage.

Hon. Mr. CHEVRIER: What is the effect of these representations?

Mr. CATON: The effect of these representations? In the first instance, is it a matter of dual duties or is it with respect to the matter of passengers?

Mr. ROBINSON: Excuse me, Mr. Chairman, before that is answered should not the witness also say what the regulations provide for with regard to operators and watches?

Hon. Mr. CHEVRIER: Yes. Perhaps. Do you know what they are, Mr. Caton? "And shall carry such operators with such qualifications as are prescribed in the regulations issued hereunder". That is the Canada Shipping Act, on page 163.

Mr. GREEN: Could we each get a copy of that Canada Shipping Act with amendments? I have one here but I think only two or three members have a copy.

Hon. Mr. CHEVRIER: There are quite a number of copies but I do not know if we have enough to go around.

Mr. HERRIDGE: We can hear the explanation in the meantime.

Mr. CATON: Regulation 24 of Part I of Radio Regulations for Ship Stations made by the minister under authority of section 409 of the Canada Shipping Act provides:

Operators to be carried: Ships compulsorily fitted with a radiotelegraphic installation under the provisions of section 406 of the Canada Shipping Act, 1934, shall, for safety purposes, carry a minimum number of operators holding a first or second class certificate as follows: (i) ships plying on waters other than the lakes, rivers or along the coasts of Canada not fitted with an automatic alarm (a) (i) passenger ships under 3,000 tons gross tonnage, one operator; (ii) passenger ships 3,000 tons gross tonnage and upwards,—if the hours during which the ships are being navigated do not exceed eight hours per day, one operator; if the hours exceed eight hours per day, one operator; if the hours exceed eight hours per day, two operators.

Mr. GREEN: Most of the west coast passenger ships come under the one operator provision, do they not, and the way the companies get around this business, I understand, is under this provision III, if they call at some little dock every twenty miles, then they do not need to carry a radio operator at all?

Mr. GOODE: Just a log boom somewhere?

Mr. GREEN: Yes. Is that not the complaint? In order to get away from these regulations which obviously mean that a ship carrying 500 passengers must have a radio operator if she goes more than twenty miles—and everyone in this committee would think that a ship going from Victoria to Prince Rupert should have a radio telegraph operator—I think they try to get around that provision by calling at some place every twenty miles and they say they have never gone a distance more than twenty miles, and therefore, they do not need a radio operator.

The WITNESS: That is quite correct, Mr. Green.

Mr. GREEN: I do not think they have to carry an operator. That is a flaw in the wording—from place to place. It is noted that the regulations issued on April 12, 1950, for fire precautions, use the length of the voyage from point of commencement to the furthest out bound point as a criterion of the distance.

Mr. GOODE: Could we get an answer about the *Princess Mary*? Mr. Blouin said something about the condition of the equipment on the *Princess Mary*. What about her? She goes up the west coast of Vancouver Island and does not make so very many places. I think if this evidence goes out without an answer to that, the people on the coast are going to misunderstand the regulations entirely. Mr. Caton, do you remember what Mr. Blouin said?

Mr. CATON: I have some recollection of the—

Mr. GOODE: I will tell you what he said: He said that the equipment on the *Princess Mary* was not usable. That is what you said, Mr. Blouin?

The WITNESS: The batteries were down.

Mr. GOODE: I do not know but he said it could not be used.

Mr. CATON: We received a report to that effect and our inspectors on the coast investigated the circumstances. Now, inspectors cannot be everywhere and it is the responsibility of operators to see that the equipment is maintained. I may be wrong on this, but I believe the operator responsible in that particular case was discharged.

By Mr. Goode:

Q. Was he fired or not?—A. I do not know.

Q. You are the representative of the men,—do you not know?—A. That was not one of our men, he was a combination man.

Mr. CATON: We send out definite instructions to inspectors that they must see that the shipping companies must adhere very definitely to the provisions of the Canada Shipping Act and the regulations.

Mr. GOODE: Did you send instructions out that this man was to be discharged?

Mr. CATON: No, sir.

Mr. GOODE: Was it the job of your department to see that he was taken off the ship?

Mr. CATON: The inspectors could and did report to the steamship company the very serious condition of the equipment, and it was drawn to their attention.

Mr. GOODE: In those cases, then, discharge would be automatic. It would be automatic that he had to leave his ship?

Mr. CATON: Not necessarily, sir. The steamship company reprimands a man and he can continue operating.

Mr. GOODE: In this case you know he was discharged?

Mr. CATON: That is my belief of what took place.

Mr. MOTT: I just wanted to mention a word about that 200 mile provision. The distance from Vancouver to Prince Rupert is 500 miles. I have had the privilege of travelling it on many occasions. These passenger boats carry mail and freight as well and they do stop at a few small places on the way up and back. The fact of their stopping at those few small places I do not think should be an excuse for their not fulfilling the same regulations as are required of other ships. That is a very dangerous coast. There can be no doubt about that. Their real voyage is 500 miles, but the provisions of the Shipping Act can be defeated at any time because the government permits them to go in and deliver mail and freight at these points up and down the coast and that brings them under this clause. I think there is a very important point there which necessitates careful consideration of this Bill.

The CHAIRMAN: Let us hear what Mr. Matthews has to say on this point.

Mr. MATTHEWS: Speaking about Captain Barbour's report I have a summary of this report which I would like to read to the committee. It is a survey of ship and shore radio stations and coverage on the British Columbia coast.

Nautical Services and Radio Branch of the Department of Transport made a thorough and exhaustive survey of radio facilities on the British Columbia coast in March, 1950, and the relationship of such facilities to the safety of life in vessels trading between ports on the west coast.

As a result, it was learned that vessels equipped with radio apparatus as shown below are regularly in operation on the British Columbia coast:—

23 vessels equipped with radio telegraph, of which 17 are fitted with radio telephone.

About 1,400 vessels are voluntarily equipped with radio telephone.

There are on the coast:—

9 coastal radio stations operated by the Department of Transport

2 radio terminal centres operated by the North West Telephone Company

35 fishing and several logging camps fitted with radio telephone.

Generally, the safety of life aspect of marine and shore radio on the British Columbia coast is excellent. Radio facilities on the coast are second to none, when compared with other coastal waters anywhere in the world. The preponderance of small vessels fitted with radio telephone, and willing to give ready assistance for life saving purposes is greatly facilitated by the shore stations of the Department of Transport and the North West Telephone Company.

And then, Mr. Chairman, I should like to read from a memorandum prepared for the minister with regard to marine radiocommunication facilities on the west coast.

Radio coast stations established at the following locations on the west coast maintain watch on 500 kc/s—radiotelegraphy, and 1,630 kc/s—radiotelephony, continuously:—Alert Bay, Bull Harbour, Estevan, Prince Rupert, Vancouver, Victoria. In addition, the coast station at Cape Lazo maintains watch during week days from 8 a.m. to 11 p.m. PST, and on Sundays—from 9.10 a.m. to 9.30 a.m.; 1.10 p.m. to 1.30 p.m., and 8.10 to 8.30 p.m. PST; and the coast station at Dead Tree Point maintains watch week days, from 15 minutes to 30 minutes past each hour from 8.15 a.m. to 10.30 p.m., PST, and from 10.15 a.m. to 10.30 a.m.; from 1.15 p.m. to 1.30 p.m.; 4.15 p.m. to 4.30 p.m.; and 7.15 to 7.30 p.m. PST on Sundays. These stations provide full radiotelegraph coverage for the whole west coast area, and, in addition, provide outlets for non-compulsorily equipped vessels carrying radiotelephone equipment; all ships so fitted being required to be equipped with the frequency 1,630 kc/s for communication with our coast stations.

From the report covering the investigation of radio coverage on the west coast, it is noted that of the 18 passenger vessels required to carry radiotelegraphy, 14 carry radiotelephone equipment as well, 14 also carry radar equipment; 9 are fitted with direction finders and 8 carry auto-alarm equipment for interception of distress calls.

An investigation of our records at headquarters indicates that 17 vessels licensed to carry passengers on the west coast are exempt under the present regulations from being fitted with radiotelegraphy, but are voluntarily equipped with radio; 6 carrying radiotelegraph installations in addition to radiotelephone equipment and all the others are fitted with radiotelephone apparatus. Of these 17 ships, 9 carry less than 10 passengers, 3 carry less than 35 passengers, 3 carry less than 135 passengers, one carries 200 passengers, and one carries 400 passengers. All of the ships carrying over 35 passengers ply in restricted coastal waters where ample radiotelephone coverage is available from coastal stations.

Our records also indicate that there is a total of 10 passenger vessels of tonnage below 1,000 not radio equipped and exempt from carrying radio under the law. These vessels in all cases ply in sheltered waters, the largest being 119 and 192 tons, gross tonnage, respectively, and carry a maximum of 300 and 270 passengers. These latter two ships—the *Harbour Princess* and the *Hollyburn* ply in the Vancouver, Indian Lake and Howe Sound area.

With modern radiotelephone equipment now on the market, it is possible to fit vessels with apparatus that will operate indefinitely without attention and require only infrequent inspection by technical personnel to assure routine maintenance. It might be noted that the new safety convention recognizes for the first time the advantage of radiotelephony for safety purposes, by permitting its installation on cargo ships on international voyages of from 500 to 1,600 tons, and that the International Radio Conference at Atlantic City, in 1947, set aside a frequency on a world-wide basis for distress and calling for radiotelephone-equipped ships; this frequency being equivalent to the 500 kc/s, a radiotelegraph distress and calling frequency which has been established for many years. I am glad to say that this decision of the Radio Conference was,

in part, based upon the use in Canada of such a frequency for radiotelephone communication with coast stations on the Great Lakes, River St. Lawrence and the Atlantic coast where such facilities provide that a vessel may communicate by radiotelephone in any of these waters. I might add that this service grew from experimental installations, prior to the war, on the Great Lakes, and was so satisfactory that during hostilities, it was extended down through the river and Gulf of St. Lawrence to the Atlantic coast, to provide full coverage to vessels on home trade voyages.

I might further add that the North West Telephone Company maintains commercial radiotelephone terminal stations at Vancouver and Prince Rupert, through which radiotelephone-equipped vessels may communicate over the land-line telephone circuits direct with the owners or agents, or for that matter, over the long distance circuits to any telephone on the continent.

Mr. GREEN: Before this new convention these ships under 1600 tons did not have to have radiotelephones?

Mr. MATTHEWS: That is correct. The conference recognized that and the conference definitely provided for the use of radiotelephones for these ships from 500 to 1,600 tons, that they might carry radiotelephony equipment.

Mr. GREEN: They are in effect ordering them to carry it. This is the first time ships from 500 to 1,600 tons come under it, they didn't come under it before.

Mr. MATTHEWS: That is right. They were given the privilege of using radiotelephony in place of radiotelegraphy with an operator constantly on duty.

Mr. GREEN: But that does not affect the position of passenger ships which must have radiotelegraphy.

Mr. MATTHEWS: No, that is correct. They have to carry it on open waters but on the British Columbia coast you have them in sheltered waters.

Mr. GOODE: This section (b) refers to the R.C.A.F. search and rescue set-up.

Mr. MATTHEWS: Yes, that is the point.

Mr. GOODE: The voyage up to Prince Rupert is through sheltered waters but they are all equipped with radiotelegraphy so that they are covered with respect to this section of the Act when they bring their boat back the outside passage to Victoria.

Mr. MOTT: But you have the radio operator listening in, the man on duty watching for distress calls and if anything happens to the ship he is there and there will be some way of getting in touch with assistance. We had a case of that kind a couple of years ago. Now, you mentioned something about there being 1,400 boats on that coast. Many of these boats would be fishing boats and I suggest that has a significant bearing on the figures. They go out to get the fish and if a blow comes up they go into shore and call up headquarters and tell them where they are putting in. They also call when they want the factory boat to come out and take their catch.

Mr. MATTHEWS: That is correct, but you must remember that these fishing vessels are the best kind of vessel for rescue work.

The CHAIRMAN: How would it be to let Mr. Matthews finish. Have you finished your statement?

Mr. MATTHEWS: Yes.

Mr. APPLEWHITE: There are a couple of questions raised which I should like to ask about because I am not too happy about the thing, even though I am not an authority. I think that one of our jobs is not to accept as final departmental decisions. It has been shown very emphatically by this convention that radiotelephony equipment is not as good as radiotelegraphy from the international standpoint.

Hon. Mr. CHEVRIER: We have discussed that with you, Mr. Applewhaite; that was stated by the witness Blouin but that was not stated by the expert witness, Mr. Caton, who said something quite different.

Mr. APPLEWHAITE: I talked to an inspector, whose name I have forgotten, and he says that the answer to that is the international convention which insists on radiotelegraphy for large passenger ships on international voyages. The point I wanted to make in connection with the Pacific coast was this, that your regulations and your international regulations insist on you carrying a radio operator if you are going to travel from Vancouver to Ketchikan. Now, Ketchikan is 90 miles beyond Prince Rupert. If you are going to travel from Vancouver to Prince Rupert and on to the Queen Charlotte Islands and through the strait, that is some of the most dangerous water on the Pacific coast, and I think you would have to carry radiotelegraphy with an operator. That takes your ship through some of the most dangerous inland waters on the whole Pacific coast. The second anomaly in your regulations is the 200 miles stipulation. There must be a reason for that. The situation is this: if a ship leave Vancouver for Prince Rupert and makes two calls on the way she is exempt but if she goes, say, from Prince Rupert down through the strait and comes straight back to her home port she is not exempt. And I suggest, although I do not know, that the 200 miles would be one way of eliminating a little bit the cost of operators for radiotelegraphy. If you have a ship which makes a journey of 600 or 700 miles each way, she was not intended originally to be covered although she is now. I do know that the people who live on that coast and who are dependent on that steamship service are not satisfied. I want to make this plain; it has been suggested and perhaps, with some slight proof, that was put in there in order to assure jobs for radio men. I am not interested in jobs for radio men but I do believe that there is necessity for some provision for adequate safety for people using these boats on the Pacific coast. I do not suggest for a moment that it applies to the little bits of boats which run ten or fifteen miles with ten or fifteen passengers and put out in the daytime.

The CHAIRMAN: Are you ready to consider the Bill?

Mr. RILEY: I want to ask Mr. Matthews what the range of radio telephone is?

Mr. MATTHEWS: I might say we have a list of ships on the Pacific coast and if anyone is interested in a particular ship we can tell you how it is fitted.

Mr. GOODE: How is the *Cardena* fitted?

Mr. MATTHEW: With radio telegraph, radar—compulsory fitted—and also radio telephone.

Mr. GREEN: Will you give us the *Chilcotin*, the *Camosin* and *Coquitlam*.

Mr. MATTHEWS: The *Camosin* is compulsorily fitted with radio telegraph, radio telephone and has radar.

Mr. APPLEWHAITE: Has it got a full-time operator?

Mr. MATTHEWS: That I do not know—it would have to have a radio operator.

Mr. APPLEWHAITE: In the case of a full-time operator does the man do other work?

Hon. Mr. CHEVRIER: The ship would have to have a full-time operator by virtue of 406 (2).

Mr. GOODE: In regard to Mr. Applewhaite's question evidently the *Princess Mary* had a full time operator but operators do other work. Just for the record they call it "full-time". I do not think it is the fault of the department in those cases.

Mr. GREEN: I think Mr. Blouin said the *Princess Mary* had a part-time operator.

The CHAIRMAN: Mr. Riley asked a question?

Mr. MATTHEWS: Yes, regarding the range of radio telephone.

Mr. CATON: It would vary with the power. You could have any range for radio telephony if you use the proper power and frequency. The small equipment on the fishing boats on the west coast might be limited to a range of 50 miles but the international convention recognizes 15 watt stations as having sufficient transmitting power on the average ship for 150 miles.

The CHAIRMAN: It varies with the strength of the equipment.

Mr. RILEY: What about radio telegraphy?

Mr. CATON: Radio telegraphy is long range.

The CHAIRMAN: Can we consider the bill?

Mr. GREEN: I was going to ask Mr. Matthews about section 406 (2).

The CHAIRMAN: Of the Act itself?

Mr. GREEN: Of the Act. Would this difficulty be solved, instead of saying: "200 nautical miles from one place to another place", if we used the terminology used in the fire regulations issued in April 12th of this year. That was "the length of the voyage from the point of recommencement to the farthest outward point exceeds 15 miles"—would that get over the difficulty?

Mr. MATTHEWS: That might get over the difficulty according to your reasoning but a good many other interests would have something to say about it. The operators of the ships and the shipping industry would have something to say.

Mr. GREEN: Was it the intention of this Act originally, when it said "200 nautical miles from one place to another", that the companies could get away from that requirement simply by calling at some port or some stop every 200 miles?

Mr. MATTHEWS: I have inquired about that and I am told that was the intention; it has always been interpreted that way.

Mr. GREEN: Which way do you mean?

Mr. MATTHEWS: In the way that they can divide the voyage. They would be making a voyage from one place to another within 200 miles and that would bring them within that paragraph. They could divide the voyage in different parts and so long as they were not going beyond 200 miles in any one voyage they would be covered.

Mr. GREEN: Does a ship licensed to carry 50 or more passengers on either coast of Canada not need to have any radio telegraph equipment at all, provided that it calls at a port every 200 miles?

Mr. MATTHEWS: Yes, I think that would be right.

Mr. GREEN: And a ship licensed to carry 250 passengers would not need any radio telegraph equipment if it called at some port every 90 miles?

Mr. MATTHEWS: That would be right.

Mr. GREEN: And the larger ships carrying 500 or more passengers need not have any radio telegraph equipment at all provided they call at some port every 20 miles?

Mr. MATTHEWS: That is the way it is interpreted.

Mr. PEARKES: If she called at a foreign port what would be the difference?

Mr. MATTHEWS: The ship would be on an international voyage.

Mr. GREEN: If she went to Seattle she would, but if she went from Victoria to Prince Rupert and calls every 20 miles she does not need that equipment.

Mr. MATTHEWS: That is right.

Mr. GREEN: I am quite sure that the people of British Columbia do not realize the law is so lax with regard to radio telegraphy.

Mr. GOODE: I never knew it.

Mr. GREEN: As a matter of fact most companies do not try to take advantage of that provision and they have radio telegraph operators but I suggest that they should be compelled.

Mr. GARLAND: I do not wish to delay the committee but I understood you to say that Mr. Downs would be here.

The CHAIRMAN: Yes, he comes in at clause 9 of the bill.

Hon. Mr. CHEVRIER: If we ever get to it.

The CHAIRMAN: Yes, as the minister points out "if we ever get to it."

Shall we proceed with the bill?

Mr. THOMAS: It appears to me this law is pretty lax. I think that any steamship company carrying anything up to 500 passengers, regardless of whether they go 20 miles or whatever it is, should be compelled, if they carry passengers to any extent, to carry an operator. It appears to me that even if they do have radio telephony on the ship if anything happened going along they would have no one there to service it. Some of these places are not much more than whistle stops. In other words on a trip from Vancouver to Prince Rupert they could not have any servicing done but they would have to continue the voyage without any communication and they would have no means of making a distress call.

Mr. MATTHEWS: In answer to Mr. Green I would like to correct a statement that I made. I said that ships proceeding from Vancouver to Seattle required a radio telegraphy installation, but there are exemptions. "Passenger ships certified to carry or carrying less than 50 persons including passengers and crew, provided such ships do not in the course of any such voyage go more than:

(i) 20 miles from the nearest land; (ii) 200 miles in the open sea between two consecutive ports—are exempted from the requirements."

Mr. GREEN: That is if they carry 50 or less passengers.

Mr. ADAMSON: If they do not go 20 miles away from the nearest land.

Mr. APPLEWHITE: Did you say "carrying" or "licensed to carry?"

Mr. MATTHEWS: I said "certified to carry".

Mr. GREEN: Where is that?

Mr. MATTHEWS: That is 406(1)(b) of the Canada Shipping Act. We are dealing with the old convention that is article 28 of chapter 4.

Mr. ADAMSON: Could you not go all the way up the Pacific coast under that provision? As long as you did not touch Skagway you would be home free?

Mr. MATTHEWS: I am speaking of the present international convention.

Mr. GREEN: There is no article 28, chapter 4 of the convention?

Mr. MATTHEWS: Of the present convention.

Mr. GREEN: What about the new convention?

Mr. MATTHEWS: The exemptions in the 1948 convention are not specific as they were in the 1929 convention. They say "having regard to the navigational features and the shelter of the waters—"

Mr. GREEN: The minister is given wide power.

Mr. MATTHEWS: Quite wide power.

The CHAIRMAN: Are you ready to deal with the bill?

Clause 1.

Mr. GREEN: Mr. Chairman, before we go to that I wonder if the officers of the department could explain whether it is possible for a Canadian ship to carry passengers or goods from one American port to another?

Mr. MATTHEWS: No; they cannot.

Mr. GREEN: What about our own Canadian coastal waters?

Mr. MATTHEWS: We do not allow foreign vessels to carry between Canadian ports.

Mr. GREEN: A boat from Seattle cannot call at Victoria and then at Prince Rupert?

Mr. MATTHEWS: No. It certainly cannot carry cargo or passengers—although it may be permitted to call.

Mr. GREEN: It cannot carry?

Mr. MATTHEWS: No.

Mr. GREEN: Then is it possible for a Canadian to buy an old American ship and get it registered as an American ship?

Mr. MATTHEWS: I think that will be dealt with.

Mr. GREEN: What is the law?

Hon. Mr. CHEVRIER: It is possible.

Mr. GREEN: Is the reverse true? Can an American buy an old Canadian ship?

Hon. Mr. CHEVRIER: I think so.

Mr. GREEN: I have always understood that to be registered as an American vessel a ship had to be built in the States?

Hon. Mr. CHEVRIER: Well I do not know what the law of the United States is.

Mr. MATTHEWS: I think a United States citizen can import a foreign ship, but there are certain things which stand in the way. He would not be entitled to subsidies and so on. I cannot make a definite statement and I can only say that I will try to find out.

Mr. GREEN: It is clear that in Canada you can buy an old ship which has been built in the States and have it registered as a Canadian ship. In other words, there is no restriction preventing that being done?

Hon. Mr. CHEVRIER: That is why power is set out under this bill—to prohibit that.

The CHAIRMAN: Shall clause 1 carry?

Mr. GILLIS: I would like the minister to explain the change in clause 1. "British ship" includes a Canadian ship."

We have had this matter up in the House on several occasions and my complaint in regard to our coastal trade is that British ships can come into Canada and take Canadian coastal trade from our own ships. I have always felt, under the old Act, that it was rather doubtful whether that could be done and I think that the clause ought to be more definite. When it says "British ship" includes a Canadian ship," that presupposes, in my mind, paving the way for a British ship to ply the coastal trade. We are linking the two services together and I just want to know what this means. I want the minister to explain to me just why this change is proposed.

Hon. Mr. CHEVRIER: The change is simply one of terminology in order to bring the Canada Shipping Act up to date and in order to get away from the expression "British ship registered in Canada, and ship registered in Canada" by substituting therefore "Canadian Ship". That is all that it means. The two sections 4-A and 5 have absolutely nothing to do with coastal trade or with facilitating to British ships coastal trade with Canada. It does not change the

law. The law remains as it is with reference to coastal shipping and all this does is to substitute for the two expressions I mentioned the words "Canadian Ship".

Mr. GILLIS: It draws a distinction between a Canadian and a British ship.

Hon. Mr. CHEVRIER: That is right.

Mr. GILLIS: Previously they were all British registered?

Hon. Mr. CHEVRIER: That is right.

Mr. ROBINSON: Does it not facilitate the use on international voyages of the British Consular Services?

Hon. Mr. CHEVRIER: Yes. Section 17, I think, is a particular section which deals with that point.

Mr. GREEN: The words "British ship" will appear in different places throughout the Act?

Hon. Mr. CHEVRIER: Oh, yes; and a Canadian ship would still be entitled to the privileges to which a British ship is entitled in commonwealth countries by virtue of the British Commonwealth Merchant Shipping Agreement.

Mr. ADAMSON: Can a British ship for example a Cunard liner take on passengers at Quebec and bring them up to Montreal?

Hon. Mr. CHEVRIER: I do not know. I cannot answer that question.

Mr. ADAMSON: If a British ship stops at Quebec and takes on passengers at Quebec, could it carry them to Montreal?

Mr. MATTHEWS: Yes, I think so.

The CHAIRMAN: Section 1. Does the section carry?

Carried.

Mr. GREEN: What do you mean by "Section 1", Mr. Chairman?

The CHAIRMAN: We are going right along. You have had time. Do you want to have it taken up sub-section by sub-section? If so, it is all right with me.

Paragraph (4A). Does the sub-section carry?

Carried.

Sub-section 5 "Canadian Ship"?

Carried.

Mr. GREEN: You have reference now to paragraph 2 of section 1 of the Bill?

The CHAIRMAN: Yes. Sub-section 3.

Mr. GREEN: What about sub-section 3? Will somebody please explain it?

Hon. Mr. CHEVRIER: That, I understand, is in order to define a cargo ship so that it will meet the requirements of the "Safety of Life at Sea Convention".

Mr. GREEN: There are in effect two conventions for cargo ships, one for the purpose of the coastal trade and the Great Lakes trade and another for foreign trade?

Mr. MATTHEWS: That is true. A cargo ship in the convention can carry up to 12 passengers; but a cargo ship in the domestic trade cannot carry any passengers. That is the distinction.

The CHAIRMAN: Does sub-section 3 carry?

Carried.

Mr. HERRIDGE: Could we not mention the sub-titles at the side, Mr. Chairman?

The CHAIRMAN: That is a good suggestion.

Sub-section 4 "Repeal"?

Carried.

Sub-section 5 "Consular Officer"?

Mr. GREEN: Could we have an explanation of that?

Hon. Mr. CHEVRIER: That in effect means where there is a Canadian consular officer. It is the intention of the Department of External Affairs to appoint a Canadian consular officer at most of the points where our ships stop; and where there is a Canadian consular officer, the reports will be made to him. But where there is not one, we shall use the British consular officer as we have in the past.

Mr. GREEN: We have very few consular officers?

Hon. Mr. CHEVRIER: Canadian.

Mr. GREEN: At the moment?

Hon. Mr. CHEVRIER: That is right.

The CHAIRMAN: Sub-section 6 "Safety Convention Application".

Hon. Mr. CHEVRIER: It is the intention of the Department of External Affairs to appoint a number of Canadian consular officers at these points.

Mr. GREEN: A consular officer has a great deal more to do than simply to look after ships?

Hon. Mr. CHEVRIER: Of course.

Mr. GREEN: Is it the intention to appoint consular officers, or to appoint government agents?

Hon. Mr. CHEVRIER: These are officers of the Department of External Affairs who will have duties to perform for that department but who will also perform duties heretofore performed by British consular officers.

Mr. GREEN: Will there be a very large number of these officers appointed?

Hon. Mr. CHEVRIER: 11 or 12.

Mr. GREEN: There is power taken under this section. It reads:

Consular Officer means a Canadian Consular Officer, or such other person as may be designated by the Governor in Council to perform the duties of a Canadian Consular Officer under this Act...

Does that mean that Canada is to have a new type of agent abroad who is not a consul in the ordinary sense of the term acting under the Department of External Affairs, but merely an agent for the Department of Transport to deal with these ships?

Hon. Mr. CHEVRIER: No, I do not think it means that. In fact I am sure it does not mean that. The object of this section is to appoint Canadian Consular Officers. There may be ports where it would not be advisable to do so because of the cost.

Mr. GREEN: You mean it would be a waste of money?

Hon. Mr. CHEVRIER: Yes. And in that case some other person would be appointed for the purpose of this section.

Mr. GREEN: That is an entirely new departure in the way of representatives of Canada abroad, is it not? Have we any officers of that type now acting for any departments?

Hon. Mr. CHEVRIER: Some Trade Commissioners are acting.

Mr. GREEN: The Trade Commissioner or an employee of the Trade Commissioner's office would be the type of representative that the department has in mind?

Hon. Mr. CHEVRIER: That is right.

Mr. GREEN: It is not the purpose to appoint a new type of agent?

Hon. Mr. CHEVRIER: Oh, no. This is just incidental.

Mr. GREEN: Yes.

The CHAIRMAN: Does sub-section 6 "Safety Convention Application" carry? Carried.

Sub-section 7 "Exemption Certificate"?

Carried.

Sub-section 8 "Foreign Ship"?

Mr. GILLIS: Could the minister explain to us why British ships are not also included as foreign ships? Why do we carry the British registered ships forward in the Canadian Shipping Act? We have no control over them? We have very little to do with them, yet under this particular section we are granting them exemption in so far as designating them as foreign ships is concerned. To my way of thinking they are taking over our own merchant service. So why the exemption here? Why are they not included as foreign ships?

Hon. Mr. CHEVRIER: A foreign ship is a ship other than a Canadian or British ship. The reason why they are not included is that the British Commonwealth Merchant Shipping Agreement binds Canada together with other commonwealths to recognize British shipping; and until we decide to get out of the British Commonwealth Agreement, I do not think we can change the definition of "British ship" other than it is in the Canadian Shipping Act at the moment.

The CHAIRMAN: Does sub-section 8 carry?

Carried.

Sub-section 9 "Repeal"?

Carried.

Sub-section 10 "International voyage".

Mr. GREEN: Could we have an explanation of that? Apparently there are two kinds of international voyage, one under the Act, and one under the safety convention.

Mr. MATTHEWS: We are only defining international voyage as it is defined in the convention. I do not think there is any difficulty about it. It merely means from a port in one country to a port in another country.

Mr. GREEN: Does this apply to a voyage to a port in a country which is not a party to one of these conventions?

Mr. MATTHEWS: No. It applies only from a port in one country to a port in another country.

Mr. GREEN: Russia, for example, apparently is not going to be a party to the new convention. Would a voyage from Canada to Siberia not be regarded as an international voyage?

Mr. MATTHEWS: I think it would be an international voyage.

Mr. GREEN: It is clear that that comes under that convention?

Mr. MATTHEWS: Yes, I would think so.

The CHAIRMAN: Shall "International Voyage" carry?

Carried.

Shall "Passenger" carry?

Mr. ADAMSON: Why is a child under one year of age not considered to be a passenger? Is that because its fare is not paid.

Mr. MATTHEWS: Well, children of that age are carried in arms; I think that will be the reason.

Mr. GREEN: Does this definition clause change the definition of a passenger on a coastal steamship?

Mr. MATTHEWS: No change is made in the definition of a passenger except to exclude a child under one year of age. That is a slight change that is made. That is a change in the domestic field.

Mr. HERRIDGE: I was going to ask the same question that Mr. Adamson asked, and in connection with that matter: does that mean that if a ship was wrecked the child under one year of age would not be listed as lost?

Mr. MATTHEWS: Oh, no, he would be listed in the lost, all right.

Mr. ADAMSON: Would he be able to sue the company?

Mr. MATTHEWS: Yes, I think so.

The CHAIRMAN: Shall "Passenger" carry?

Carried.

Shall "Passenger Ship" carry?

Mr. GREEN: On this subject of passenger ship, has there been any change made?

Mr. MATTHEWS: No, that is the same idea. There is a distinction there from a cargo ship. It says: in the case of a safety convention ship, it is a steamship carrying more than twelve passengers. It is a definition for the purpose of the safety convention.

The CHAIRMAN: Shall "Repeal" carry?

Carried.

Shall "Proper Authority" carry?

Mr. GREEN: On "Proper authority", what is the change there with regard to a person designated by the Governor in Council?

Mr. MATTHEWS: Well, that is the same as before in connection with the definition of a consular officer; the Governor in Council can designate some person to act for him.

Mr. GREEN: That is, to give that authority to the trade commissioners?

Mr. MATTHEWS: Yes.

The CHAIRMAN: Shall "Proper Officer" carry?

Carried.

Shall "Radio" carry?

Mr. GREEN: On "Radio". Mr. Chairman: just a minute.

Hon. Mr. CHEVRIER: That is a new definition of radio.

Mr. GREEN: What is the change there?

Mr. MATTHEWS: I think Mr. Caton can explain. That is a new definition to bring it up to date; that is the definition used by the International Telecommunications Union.

Mr. ADAMSON: What do you mean by Hertzian waves?

Mr. CATON: Hertz was the first gentleman to demonstrate the use of radio waves. The definition of radio is in line with the new definition adopted by the International Telecommunications Conferences; it replaces Wireless Telegraphy.

Mr. GREEN: What is the difference then between radiotelegraph and radiotelephone?

Mr. CATON: Radiotelegraph is for transmission of certain matter by use of a signal code. Radiotelephone is transmission of speech or in some cases other sounds, sounds that would actuate a bell for example.

The CHAIRMAN: Shall "Radio" carry?

Carried.

Shall "Radiotelegraph" carry?

Carried.

Shall "Radiotelephone" carry?

Carried.

Shall "Radio Regulations" carry?

Mr. GREEN: Radio regulations would apply to both radiotelegraphs and radiotelephones?

Mr. CATON: Yes.*

The CHAIRMAN: Shall "Safety Certificate" carry?

Carried.

Shall "Safety Convention" carry?

Carried.

Shall "Safety Convention Certificate" carry?

Carried.

Shall "Safety Convention Ship" carry?

Mr. GREEN: That means all Canadian ships on an international voyage?

Hon. Mr. CHEVRIER: That is right.

The CHAIRMAN: Shall "Safety Convention Ship" carry?

Carried.

Shall "Safety Equipment Certificate" carry?

Carried.

Shall "Safety Radiotelegraphy Certificate" carry?

Carried.

Shall "Safety Radiotelephony Certificate" carry?

Carried.

Shall "Ship Station" carry?

Carried.

Shall "Short International Voyage" carry?

Carried.

Shall "Canadian Ship" carry? We are now on clause No. 2.

Carried.

Shall "Consular Officer" carry? That is in the same clause.

Carried.

Clause 3. Recording.

Carried.

Clause 4. Security or Additional Security.

Mr. GREEN: On this clause 4, Mr. Chairman,—

The CHAIRMAN: Clause 4, Security or Additional Security.

Mr. MATTHEWS: The Act now requires security to be given on the registration of a ship in case the government is put to any expense, and this amendment only requires additional security to be given or security in the cases where no security was given originally.

Mr. GREEN: Why is that, Mr. Chairman?

Mr. MATTHEWS: In some cases, ships have been registered without giving any security—it is in the discretion of the minister—and circumstances arise later on when we ask vessels to give security or additional security—

Mr. GREEN: Why is it not required at the start instead of coming back at them for additional security?

Mr. MATTHEWS: Captain Kerr tells me that in the beginning sometimes the security was put up in the form of real estate or other security and that some time later it becomes of no value at all.

Mr. PEARKES: Is consent given before the ship is built?

Mr. MATTHEWS: Before it is registered.

Hon. Mr. CHEVRIER: That has been the practice in the past but there is a clause covering that. There is another clause where that is dealt with and where it will be reduced hereafter.

Mr. PEARKES: Are we on clause 5?

The CHAIRMAN: No, we are on clause 4. Mr. Green brought us back to clause No. 4.

Mr. GREEN: In connection with clause 4, could you give us some cases of that arising; can you give us an illustration?

Mr. MATTHEWS: Captain Kerr can give you an example of it.

Captain KERR: Cases have risen where considerable embarrassment has developed in connection with crews of ships who are in distress at ports abroad and the liability rests with the ship owner to maintain them and to repatriate them. We have found that in certain instances—rather rare ones—the ship-owner has not taken care to protect himself against such charges. The men may when seamen are found destitute the department has stepped in to take care of the men. When a check was made on the security requirement it was found that real estate to the value of \$30,000 put up as security was of no value for our purpose.

Mr. GREEN: Why was that not found out before the men became distressed?

Captain KERR: I think the value of the property was gradually diminished after it was given to us as security. This request is to have power to ask the owner of a ship in such circumstances to put up additional security.

The CHAIRMAN: Shall clause 4 carry?

Carried.

Shall clause 5 carry?

Mr. PEARKES: I think that is the clause which deals with the registration of ships.

Hon. Mr. CHEVRIER: No.

Mr. PEARKES: "Notwithstanding anything in this part, a ship built outside of Canada, shall not, without the consent of the minister, be registered in Canada."

Hon. Mr. CHEVRIER: That is right. What was the question?

Mr. PEARKES: My question is that before a company starts to build a ship outside of Canada can they get the assurance of the minister that when that ship is completed it will be registered in Canada?

Hon. Mr. CHEVRIER: I think, perhaps, I was right in the first place that this section does not deal with that position. There is another section dealing with that very position that my friend brings up.

Mr. ADAMSON: It seems pretty definite—this 21 (a).

Mr. PEARKES: It is there on the top of page 7.

Hon. Mr. CHEVRIER: No, that section deals with another matter altogether, General Pearkes. Perhaps I had better explain the section. This clause is to prevent the importation of ships into Canada which are not built in Canada. There are a number of ships that are being purchased by Canadians, ships that are of very old vintage, ships that we in the Department of Transport try to prohibit from coming into Canada, but we have no power so to do. Ships that sometimes take away employment from our own people. And it is the feeling of our department that if powers such as these were given we could prohibit the importation of such ships into Canada.

Mr. PEARKES: I am trying to deal with the ship which will be built in the future. Take, for instance, the C.P.R. They are constructing certain ships now in Great Britain. They have got no guarantee that those ships will be registered when they come to Canada. Or, what about a company that might have a ship built in the United States to bring into Canada. Can such a person be given assurance, for instance, that if a ship is built that he can have it registered in Canada?

Hon. Mr. CHEVRIER: I know of no such cases that have come to my attention in all the years that I have been in the Department of Transport where a ship has to be built in the United States. If there are, they are very few. But I am not talking about new ships, I am not talking about new construction. What I have reference to in dealing with this section is old ships built in the United States some time ago that are being imported here because they may be declared surplus by their equivalent to our War Assets and because they are old and dilapidated or because for other purposes their importation is undesirable. The object of this section is to prohibit that sort of thing and that is why we are doing it that way. This does not aim at new construction.

Mr. GREEN: Mr. Chairman, does not this whole part beginning with section 7 describe the procedure for Canadian registration of British ships, and the only way to avoid that is section 21, and this section 21 (a) has been put in apparently under the same heading. I would take it that it does apply specifically to new ships and to British ships.

Hon. Mr. CHEVRIER: I do not know that I can add any more. It is a discretionary power that the minister is being given in this section, it is powers that we would have to use in accordance with his discretion; but I do not think the minister would exercise this discretion against a ship built in the United Kingdom that was being brought to Canada. I would like to get this power in order to prevent the large number of ships that are coming in from the Great Lakes and on some of the coasts of Canada.

Mr. GREEN: From the United States?

Hon. Mr. CHEVRIER: From the United States.

The CHAIRMAN: And a lot of them are old crocks too.

Mr. GREEN: Shouldn't that be made clearer?

Hon. Mr. CHEVRIER: I do not see much difficulty about it. I do not think we should include anything in this Act which would seem to be a restriction against the United States. I would prefer not to do it that way, but if the committee felt that a provision exempting British ships was necessary I would have no objection to that, although I think the discretion should be left with the minister.

Mr. ADAMSON: I agree with you. It is purely to apply to old ships.

Hon. Mr. CHEVRIER: That is right.

Mr. ADAMSON: And I think that should be made clear irrespective of the country of origin, that we should prevent these derelict old ships from coming in.

The CHAIRMAN: Who is going to define what is a derelict ship.

Mr. PEARKES: If it is intended to deal with ships already built why not before the word "built" add the words "have been". That would make it quite clear. My particular reason in raising this question is to see whether the minister would under certain circumstances, grant assurance to an established builder that his ship would be registered here. I cited the case of the C.P.R., and certainly they must have been given to understand that their ships could be registered here; but then there are other smaller ships belonging to smaller companies which may be constructed in Great Britain. Would a Canadian company who intended to build a ship for some reason or other in Glasgow get an assurance that that ship could be registered in Canada when completed if the minister thought proper?

Hon. Mr. CHEVRIER: If I were going to amend this I would rather amend it by adding a proviso to cover the U.K. situation rather than by changing the definition or meaning of the word "built", because "built" is in such form there that it means not only old ships but it can also mean new ships built in the United States; the position being this, that while now it is more costly to build them in the United States than it is in Canada the position may be reversed at a later stage.

Mr. PEARKES: And Japan.

The CHAIRMAN: That is right.

Hon. Mr. CHEVRIER: Yes. So, if it is the wish of the committee, I would rather leave it this way; but if the committee insists that the U.K. should get further protection I would not raise any objection to a provision covering that point.

Mr. GILLIS: It is necessary to amend the section to give the U.K. further protection? Any ship built in the United Kingdom can be registered in Britain and so, automatically, becomes a Canadian ship with all the rights and privileges under this Act.

Hon. Mr. CHEVRIER: That is not the legal position.

Mr. MATTHEWS: A ship registered in the United Kingdom is a British ship, but she is not a Canadian ship. It is true she is entitled to engage in coastal trade.

Mr. ROBINSON: The section says "British ship" includes Canadian ship". I would like to get this as clear as I can as I understood that we have certain Commonwealth commitments which would make it very difficult for the minister to refuse registration of a British built ship.

Mr. MOTT: Mr. Chairman, the way it is now the minister has no authority?

Hon. Mr. CHEVRIER: That is right.

Mr. MOTT: Out on the west coast they brought out a bunch of mine-sweepers.

Hon. Mr. CHEVRIER: Yes, and I could not stop them.

The CHAIRMAN: Well, it is 6.05.

Hon. Mr. CHEVRIER: When shall we meet again.

Mr. GREEN: We have done very well so far and I suggest that we be given a little time to go into the Act further.

The CHAIRMAN: Shall we meet at 11.30 tomorrow morning?

Agreed.

The committee adjourned.



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SESSION 1950

HOUSE OF COMMONS

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

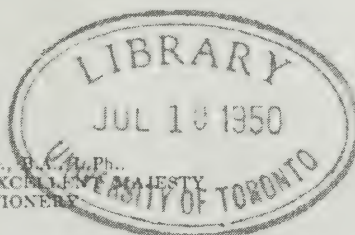
Bill No. 303 (Letter Y-8 of the Senate)
An Act to amend the Canada Shipping Act, 1934

WEDNESDAY, JUNE 21, 1950

WITNESSES:

Mr. W. J. Matthews, Director of Administration and Legal Services;
Mr. A. A. Young, Principal Steamship Inspector; Captain J. W. Kerr,
Supervisor of Nautical Services; Mr. W. A. Caton, Chief Inspector of
Radio, all of the Department of Transport; Mr. Albert Downs, Criminal
Investigation Branch, R.C.M.P.; Mr. George R. Donovan and Mr.
Frank Wilkinson, K.C., Toronto, respectively Secretary and Counsel,
Dominion Marine Association.

OTTAWA
EDMOND CLOUTIER, C.M.G., B.C., Ph.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950





MINUTES OF PROCEEDINGS

HOUSE OF COMMONS,

WEDNESDAY, June 21, 1950.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11.30 o'clock a.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Applewhaite, Bourget, Breithaupt, Byrne, Cannon, Carroll, Carter, Chevrier, Darroch, Decore, Dewar, Douglas, Garland, Gibson (*Comox-Alberni*), Gillis, Gourd (*Chapleau*), Green, Harrison, Hatfield, Herridge, Higgins, Hodgson, James, Jones, Lafontaine, Lennard, McCulloch, McGregor, Melvor, Mott, Noseworthy, Prudham, Robinson, Rooney, Thomas, Whiteside, Wylie. 38.

In attendance: Mr. W. J. Matthews, Director of Administration and Legal Services; Mr. A. A. Young, Principal Steamship Inspector; Captain J. W. Kerr, Supervisor of Nautical Services; Mr. J. Fortier, Legal Adviser; Mr. W. A. Caton, Chief Inspector of Radio; all of the Department of Transport; Mr. (ex-Staff Sgt) Albert Downs, Criminal Investigation Branch, R.C.M.P.; Mr. George R. Donovan and Mr. Frank Wilkinson, K.C., both of Toronto and respectively Secretary and Counsel, Dominion Marine Association.

The Committee resumed consideration, clause by clause, of Bill No. 303 (Y-8 of the Senate), An Act to amend the Canada Shipping Act, 1934.

By unanimous consent, the Committee reverted to subclause (10) of clause 1.

Mr. G. R. Donovan was called. He made representations on behalf of the Dominion Marine Association, in respect to subclause (10) and certain terms of the international convention for the safety of life at sea, 1948.

The witness was questioned thereon and then retired.

Clauses 5, 6, 7 and 8 were severally discussed and agreed to.

On clause 9

Mr. Albert Downs was called. The witness was questioned at length on the said clause. Certain questions thereon were also asked of Mr. Matthews and Captain Kerr.

Mr. Herridge moved,

That clause 9 be amended by adding to paragraph (a) of section 107A contained therein, after the word "motors", in line 32, page 7 of the Bill, the following:

"over five horse-power".

A debate arising thereon and the question having been put on the proposed amendment of Mr. Herridge, it was resolved, by a show of hands, in the negative, on the following division: yeas, 8; nays, 17.

The said clause was finally agreed to.

Mr. Downs was retired.

Clauses 10 to 14, both inclusive, were severally discussed and agreed to.

On clause 15

On motion of Mr. McCulloch, it was

Resolved.—That the said clause be amended by adding to section 276A contained therein, a new sub-section, as follows:

(6) This section does not apply to United States ports on the Great Lakes or river St. Lawrence.

The said clause, as amended, was agreed to.

Clause 16 was agreed to.

At 1.00 o'clock p.m., the Committee adjourned to meet again at 3.30 o'clock p.m.

AFTERNOON SITTING

The Committee resumed at 3.30 o'clock p.m. The Chairman, Mr. L. O. Breithaupt, presided.

Members present: Messrs. Adamson, Bourget, Breithaupt, Byrne, Carroll, Carter, Chevrier, Darroch, Dewar, Gillis, Gourd (*Chapleau*), Green, Harrison, Hatfield, Herridge, Higgins, Jones, Jutras, Lafontaine, McCulloch, Melvor, Nixon, Pearkes, Robinson, Rooney, Thomas, Thomson, Whiteside. (28).

In attendance: the same persons as are listed at the morning sitting, with the exception of Mr. Downs.

The Committee resumed consideration, clause by clause, of Bill No. 303 (Y-8 of the Senate), An Act to amend the Dominion Shipping Act, 1934.

Messrs. Matthews, Young, Caton were questioned on the various clauses under study.

Clauses 17 to 35, both inclusive, were severally considered and agreed to.

On clause 36

A debate arising thereon and continuing, Mr. Green moved,

That the clause be amended by adding thereto a new sub-clause, as follows:

Paragraph (a) of sub-section (2) of section 406 of the said Act, is amended by substituting "from the point of commencement to the farthest outward point", for "from one place to another place", wherever the latter words appear in (i), (ii) and (iii) thereof

And the question having been put on the proposed amendment of Mr. Green, it was resolved, by a show of hands, in the negative, on the following division: yeas, 7; nays, 17.

The said clause was finally agreed to.

Clauses 37 to 63, both inclusive, and the Schedule to the Bill, were severally agreed to.

By unanimous consent, the Committee reverted to clause 1. Mr. Frank Wilkinson, K.C., was called. The witness made certain representations on behalf of the Dominion Marine Association in respect to the definition of passenger under sub-clause (11) of clause 1.

On motion of Mr. Rooney, it was

Resolved,—That sub-paragraph (b) of paragraph sixty-two of section two of the said Act be amended by adding to (i) after the word "crew" in line 8, page 3 of the Bill, the following: "or a person employed or engaged in any capacity on board the ship on the business of that ship."

Clause 1, as amended, was agreed to.

Mr. Wilkinson was retired.

The preamble and the title of the Bill were severally agreed to and the said Bill, as amended, ordered to be reported to the House.

At 5.00 o'clock p.m., the Committee adjourned to the call of the chair.

ANTOINE CHASSÉ,
Clerk of the Committee.

REPORT TO THE HOUSE

The Standing Committee on Railways, Canals and Telegraph Lines begs leave to present the following as an

EIGHTH REPORT

Pursuant to the Order of Reference of Monday, June 19, your Committee has considered Bill No. 303 (Letter Y-8 of the Senate), intituled: "An Act to amend the Canada Shipping Act, 1934," and has agreed to report same with amendments.

A copy of the Minutes of Proceedings and Evidence is tabled herewith.

All of which is respectfully submitted.

L. O. BREITHAUP, *Chairman.*

MINUTES OF EVIDENCE

HOUSE OF COMMONS,

WEDNESDAY, June 21, 1950.

The Standing Committee on Railways, Canals and Telegraphs met this day at 11.30 a.m. The Chairman, Mr. L. O. Breithaupt, presided.

The CHAIRMAN: Gentlemen, we will proceed with the consideration of the bill. We were considering clause 5 when we adjourned last night.

Mr. ROBINSON: Mr. Chairman, before we proceed with clause 5 I believe that either you or the minister mentioned yesterday that you had received a communication from the Dominion Marine Association. Their representatives are here this morning and I think they are concerned with the definition of "international voyage." I wonder if we might, by consent of the committee, revert to subsection 10 of section 1, in order that we might hear the representations from this association. Mr. Donovan and Mr. Wilkinson are here for that purpose.

The CHAIRMAN: Is it the wish of the committee that we revert to subsection 10 on page 2 at this time?

Agreed.

Would you come forward please, Mr. Donovan?

H. R. Donovan, Secretary, Dominion Marine Association, called:

The WITNESS: Mr. Chairman and gentlemen: I need hardly remind the committee that the Canada Shipping Act which this bill would amend, together with the Safety of Life at Sea Convention, are very important pieces of legislation as far as lake shipping is concerned.

We have had considerable negotiations with the honourable minister and his officials and I think that on the matter of the definition of "international voyage" we are probably pretty well agreed as to what it means. Our concern is that if this rigid definition set down in the convention applies as it does to lake shipping, it may adversely affect lake shipping and may certainly involve certain inconsistencies which we do not think are right, and which perhaps can be corrected by the present amendment; perhaps correction may require amendment of the convention itself.

As I understand the situation, a ship loading at Corner Brook, which is on the west coast of Newfoundland, and bound for Port Colborne is not a convention ship. The convention does not apply to such a ship as she is on a home trade voyage in Canadian waters. However, a ship loaded at Corner Brook and destined for Buffalo, just across Lake Erie from Port Colborne, immediately comes under the convention as that is an international voyage. It seems very inconsistent to us that the fact that it is an international voyage should interfere, because there is no more danger in going from Corner Brook to Port Colborne than there is in going from Corner Brook to Buffalo. If I am correct in what I say, we think that the Act at the present time or at some future time should make provision for such voyages.

Also might I point out the fact that this rigid definition of international voyages creates a hardship on American ships—United States ships, ships of

United States registry—and we have always worked very closely with our American friends. Generally speaking we have regarded any regulations applying to Canadian ships as applying equally to ships of United States registry.

That is the first point I wish to make and the second point is while there in the convention a clause reading: "Notwithstanding any provisions of the present regulations, nothing herein shall apply to ships solely navigating the Great Lakes—"

Mr. GREEN: What page is that?

The WITNESS: I am reading subparagraph (b) of regulation 3, on page 46. "Notwithstanding any provisions of the present regulations, nothing herein shall apply to ships solely navigating the Great Lakes of North America and their connecting and tributary waters as far east as the lower exit of the Lachine Canal at Montreal in the Province of Quebec, Canada."

I would just like to point out to the committee, and I have already pointed out to the minister, that the Lakes Carriers Association, which is an association of lake vessel owners in the United States, and the Dominion Marine Association asked that this clause be put into the convention for this reason. There are a number of sets of rules of the road applying to Canadian waters, as you probably know. We have our own particular set of rules of the road applying on the Great Lakes. Those rules do, at the present time—and always have—apply to the entrance to the harbour of Montreal and the Lachine canal. When you get into the harbour of Montreal you are under international rules. I think it might be well to point out to the committee that really should have no bearing on the question of international voyages, because it might be assumed anything beyond the Lachine canal was an international voyage, and that is not so.

I think that is all I have to say on the question of international rules.

May I repeat again that a voyage from Corner Brook to Port Colborne does not come under the convention, but if that voyage goes across the lake to Buffalo, it immediately becomes an international voyage and does come under the convention. That seems to us to be an inconsistency and it seems to us also to be discriminating against lake vessels of the United States flag.

By Mr. Green:

Q. Is not that exactly the same position as we have on the Pacific coast where a ship might go from Vancouver to Victoria and be under the Canadian regulations only, but if it were to go to Seattle, that would constitute an international voyage?—A. I am not competent to answer the question sir, but I assume your statement is correct.

Q. You are really asking that there be no international voyages this side of Newfoundland?

Hon. Mr. CHEVRIER: That is right.

By Mr. Green:

Q. That is what you are really asking for?—A. What we are asking is that the definition of international voyages be re-defined so that ships engaged in the lake trade from Canadian ports to American points shall not be discriminated against.

Q. You are really asking that there be no international voyages this side as they are in the Great Lakes, that they be given an exemption when they get right out with the ocean ships?—A. At the present time they are exempted to a line from Cap Des Rosiers across Anticosti Island. When they go beyond there, and there is considerable traffic such as I mentioned from Corner Brook and traffic for coal from Cape Breton, and that traffic comes under the convention and would have to be exempted from the convention definition of international voyages.

HON. MR. CHEVRIER: I think I indicated yesterday, in answer to a question put by Mr. Robinson, what the position was, and I have tried to cover it in the correspondence which I have had with Mr. Donovan. The effect of the Act, read in conjunction with the convention, is now to exempt from the operation of the International Safety of Life at Sea Convention all ships operating from a point at the western tip of Anticosti Island to the upper end of the Great Lakes—so that ships plying between those two points are not subject to the regulations of the convention. Mr. Donovan comes forward and asks about a ship operating from Corner Brook, Newfoundland, to an American port. That position is not covered, and even if we were to make an amendment here, we could not change the convention because the convention has been agreed upon. If it is desirable to change the convention it can be done in two ways. The first is by granting an exemption to a ship such as that mentioned by Mr. Donovan, and the second is by making representations to the United States to amend the International Safety of Life at Sea Convention.

The same position has existed since 1929 because the wording of the 1929 convention was pretty much the same and no difficulty arose. I am satisfied that no difficulty will arise now. We certainly do not want to make our ore ships subject to the Convention—for instance those travelling from the Seven Islands port which is under construction. If ore should come to that point, there is certainly no intention of making those ships subject to the international convention, any more than there would be to make them subject to the convention if they were travelling from Corner Brook. I think the answer I gave to Mr. Donovan in the correspondence which I have had with him meets the situation.

MR. ROBINSON: Is not Seven Islands west of Anticosti?

HON. MR. CHEVRIER: Yes. The position would be the same with reference to anything east of the Anticosti.

THE WITNESS: If I might reply to the honourable minister's remarks we want to go on record that the convention itself should be changed so that the trading limits can be extended within a reasonable distance of the present inland waters—a line through Cap Des Rosiers through Anticosti Island. We do not like having to apply to the minister for exemption. As ship operators we do not like exemptions and I know the minister does not like to deal with them. Frequently they cause embarrassment. As long as we are within our rights in having the limits extended I think it should be done either by amendment to the present Act, or, as the minister suggests, to the convention itself.

I just want to go on record on that point dealing with international voyages. I think the minister and I, and the Dominion Marine Association are in agreement on the point.

THE CHAIRMAN: As the minister has pointed out we cannot change the convention unless we do it in one of the ways suggested. Therefore, I do not think there is anything we can do at this point except to report your position.

HON. MR. CHEVRIER: Mr. Donovan wants to be on record as requesting an amendment. We know what the position is and in due course we will make representations on it.

By Mr. Adamson:

Q. What products are involved there?—A. Pulp and paper one way, and coal the other.

Q. Do they come all the way to Port Colborne?—A. I am not saying that they go from Corner Brook to the Great Lakes all the time but there is considerable traffic between Corner Brook and the Great Lakes and the river St. Lawrence.

The CHAIRMAN: Shall we revert to clause 5 which was under consideration last night?

Hon. Mr. CHEVRIER: Mr. Robinson was asking questions last night.

Mr. ROBINSON: I would like to ask Mr. Matthews some questions now. I take it, Mr. Matthews, that the purpose of this new section 21A is to exclude from Canadian importation and Canadian registry ships which are not built in Canada.

Mr. MATTHEWS: Well I do not think it goes that far, Mr. Robinson; I think it gives the minister a discretion.

Mr. ROBINSON: It gives the minister a discretion to refuse such ships?

Mr. MATTHEWS: To refuse registration.

Mr. ROBINSON: Why would that be desirable?

Mr. MATTHEWS: The minister pointed out yesterday that importation of old and obsolete ships of the United States was not a good thing for Canadian shipping and it should be prevented. That is the purpose of this section.

Mr. ROBINSON: Would it also have a purpose in assisting shipbuilding in Canada?

Mr. MATTHEWS: I think it would.

Mr. ROBINSON: Then I would like to develop that a little further. I understand one of the privileges conferred by Canadian registry is the right to engage in our coastal trade, is not that correct?

Mr. MATTHEWS: That is so. Any British ship, however, can engage in the coastal trade of Canada—that is under the Merchant Shipping Agreement of the British Commonwealth.

Mr. ROBINSON: Yes, of course, but a ship of American registry cannot engage in coastal trade?

Mr. MATTHEWS: That is right.

Mr. ROBINSON: But, up to now, an American ship could be transferred to Canadian registry and then ply between our ports?

Mr. MATTHEWS: Yes, that is correct.

Mr. ROBINSON: Under this section that type of thing could be prevented—if the minister exercised his discretion?

Mr. MATTHEWS: I think that is so.

Mr. ROBINSON: I might say that I hope the minister does exercise his discretion, because over 50 per cent of the upper lake freighters are old American vessels. I think it would be extremely helpful if he kept some of those off the lakes.

Hon. Mr. CHEVRIER: That is why I want the discretion.

Mr. GIBSON: Class legislation.

Mr. ROBINSON: The privilege, as you have said before, of engaging in coastal trade is not limited to ships of Canadian registry; ships of British registry under the Commonwealth Merchant Shipping Agreement also have that privilege?

Mr. MATTHEWS: That is right, Mr. Robinson.

Mr. ROBINSON: I wonder if you would explain the distinction, if there is any distinction, between British built ships of British registry, and foreign built ships of British registry?

Mr. MATTHEWS: A foreign built ship of British registry would have to pay the duty of 25 per cent and take out a licence before being entitled to engage in coastal trade. A British built ship is entitled to engage in coastal trade at any time.

Mr. ROBINSON: After getting a licence?

Mr. MATTHEWS: It would not have to pay any duty.

Mr. ROBINSON: It would not have to pay any duty but it would have to get a licence?

Mr. MATTHEWS: I am not sure of that.

Mr. ROBINSON: What I am trying to get at is whether there is anything in this connection which would prevent the transfer of an old American hull to Australian registry and then bringing it into Canada to engage in our coastal trade?

Mr. MATTHEWS: That would depend upon the laws of Australia. I do not know what their laws are but if a ship could transfer to Australian registry and become a British ship—registered in Australia—I should think it might be entitled to engage in coastal trade.

Mr. ROBINSON: Then this section as it is presently before us would not, if our assumption of Australian registry is right, prevent these old American bottoms coming into Canada to engage in the coastal trade?

Mr. MATTHEWS: No. They, of course, would have to pay the duty of 25 per cent.

Mr. ROBINSON: In other words, to protect Canadian shipping and Canadian ship-builders in that respect we would require some sort of absolute prohibition and not a discretionary clause such as this.

Mr. MATTHEWS: I think that is correct. If you are going to regulate the coasting trade, you should have a definite prohibition to that effect.

Mr. ROBINSON: We must have it?

Mr. MATTHEWS: I would think so, yes.

Mr. ROBINSON: Thank you.

Mr. MATTHEWS: We would have to change part of the Act which deals with the coasting trade.

Mr. GREEN: This new section 21-A would not apply to shipping of British registry.

Mr. MATTHEWS: It applies to any ship built outside of Canada.

Mr. GREEN: It would not stop a ship of British registry being engaged in Canadian trade?

Mr. MATTHEWS: No, it would not stop it. That is true.

Mr. GREEN: But would it stop a Japanese ship being purchased and used in Canada?

Mr. MATTHEWS: Yes, it would give the minister a discretion to stop it.

Mr. GREEN: But because of other provisions of the Act it would not stop a British-built ship from being used in the coastal trade?

Mr. MATTHEWS: I think that is correct.

Mr. GREEN: For example, such as the Canadian Pacific passenger ships which are used on the Pacific coast?

Mr. MATTHEWS: Yes. They could still be used. But I think they are registered in Canada.

Mr. GREEN: They are all registered in Canada?

Mr. MATTHEWS: That is right.

Mr. GREEN: How would this work? Will the minister give his consent before a ship is purchased? He really would have to, because no one would want to buy a ship and then find out afterwards that he could not use it.

Mr. MATTHEWS: I think that would be right; I think that the minister's feelings in the matter would have to be ascertained by a prudent purchaser.

Mr. GREEN: The minister would have to give his consent before the ship was bought?

Mr. MATTHEWS: I would think so.

Mr. GREEN: It is really a new policy, is it not?

Mr. MATTHEWS: Yes.

Mr. GREEN: Quite a far-reaching policy?

Hon. Mr. CHEVRIER: A good policy!

Mr. GREEN: I am not quarrelling with it, but I think it might be wiser to have the limits of it defined. Has consideration been given to setting out the policy in more detail?

Hon. Mr. CHEVRIER: It is rather difficult to do that until we have the application before us. I am only able to get from other sources the number of ships that come into Canada in this manner and until I have a list, or until the officials have a list, whether there be 500 or 100, it is pretty difficult to do otherwise than to give ministerial discretion. And that discretion should be exercised, as I intend to exercise it, in connection with old hulls being imported into this country certainly at a faster rate than is good for the industry or than is necessary.

Mr. GREEN: And new ships would be even a worse problem if they can be produced cheaper in the States than it would cost to build them in Canada.

Hon. Mr. CHEVRIER: That problem at any rate is not envisaged at the moment because of the cost of construction of American ships being somewhat higher than the cost of construction of Canadian ships, although that position might not always obtain.

Mr. GIBSON: Mr. Chairman, to me this is a far-reaching section. I can see how the minister will be snowed under with discretionary decisions which he will have to make. Perhaps a decision which it would be valid for him to make in relation to lake shipping would not apply equally to the Pacific coast. And yet I can foresee operators saying to him: you have allowed this type of importation in British Columbia but you have not allowed it to us. I think the Parliament of Canada has set up certain safeguards. We are not trying to legislate to protect shipyards or ship owners. We are trying to treat them both fairly. We first insist that a ship owner must pass inspection before he can operate his vessel, and in addition he must pay the 25 per cent duty. I think there ought to be an appeal board. No minister that I know of would want to set himself up in a position where he is the final authority. Even ministers may feel that they might be wrong sometimes. So I think there should be some place where we could go by way of appeal: perhaps it might be to the Maritime Commission.

Hon. Mr. CHEVRIER: The committee which was established to deal with this matter has given it very careful consideration. I think it would be a mistake to submit a matter of this kind to an appeal board. After all, in my opinion, it is something which should be done. I do not think that the industry or the people of this country want ships of old vintage to continue to come into Canada and to the Great Lakes. And that being the case, I feel that this section should pass as it is.

The CHAIRMAN: Does the section carry?

Mr. MACGREGOR: Mr. Chairman, if we are afraid of the old ships coming in, why do we not say so?

Hon. Mr. CHEVRIER: It is not only a question of old ships but it might also be a question of new ships. It is a question of all ships built outside of Canada.

Mr. MACGREGOR: The whole thing means that if a man wants to buy a ship outside of Canada and to bring it in here, he must get permission from the minister.

Mr. MATTHEWS: To register the ship.

Mr. MACGREGOR: And if the minister sees fit to give him that permission, then he can do so.

Hon. Mr. CHEVRIER: That is right.

Mr. GILLIS: I do not think that this clause is very far-reaching. I think it is a step in the right direction.

Mr. ROBINSON: But it does not go half far enough.

Mr. GILLIS: I have no doubt that the minister has very competent people to consult in the event of his having to make a decision. I do not think he would make a decision on his own without having all the facts before him. I think this clause does afford some protection, but it certainly does not protect our own Canadian Merchant Service, because the competition we are up against in our coastal trade is with ships of British registry and not with ships of American registry. The American ships will never give us much difficulty because their wage rates are higher and it would be more costly to use them in our coastal trade. But the British wage rates are perhaps half of these of the Canadian merchant service. So the threat to most of our coastal trade has been from British ships. This clause does not go far enough. It does offer some protection to Canadian people against bringing junked and old decrepit hulls into our shipping trade. It will do that, and it will afford some protection for the ship-building industry. But I would like to see it go further. I believe the minister told us yesterday that without an amendment to the Commonwealth Agreement it could not be done. But I think it should be changed and I think that British ships should be considered as foreign ships. I think Canada is one country which could build up a good merchant service of its own, but we cannot do so under these conditions. However, I do not see anything wrong with the clause as it is. I think it is an initial step in the right direction.

Mr. ROONEY: Mr. Chairman, a question just comes to my mind. I think the minister mentioned that the cost of building new ships in America would be higher, and that they would not compete. But what about Japan?

Hon. Mr. CHEVRIER: This prohibits importation of Japanese ships.

The CHAIRMAN: I think that point was covered in a previous question. Shall the section carry?

Mr. GREEN: Has any thought been given to making the prohibition more definite and then providing for an appeal to the minister? The way it is now the power to stop is rather loosely given, and at least the prohibition against these ships coming in is not very definite. I think it would be better to make it an out and out prohibition subject to appeal to the minister. As it stands now the minister would have to deal with every single case.

Hon. Mr. CHEVRIER: The position of the minister under this section is not different from the position of the minister in connection with exemptions under the safety regulations, such as steamship inspection. There is a special clause in the Canada Shipping Act, I think, which provides for exemption on certain trips, under the Act. It is a discretionary power and not subject to appeal. Otherwise there would never be any finality, or perhaps the finality would take too long.

Mr. GREEN: I would make it a definite prohibition with an appeal to the minister.

Hon. Mr. CHEVRIER: Our people have given this problem pretty careful consideration and I hope we can pass it in the way in which it stands.

Mr. HATFIELD: American ships are not able to enter into coastal trade between Canada and United States ports at the present time. They are prohibited, are they not?

Hon. Mr. CHEVRIER: Yes, they are.

The CHAIRMAN: Does the section carry?

Carried.

Section 6 "Tariff of Fees".

Mr. GREEN: I wonder if the minister would explain why they are charging these fees?

The CHAIRMAN: That is in respect to section 6. Perhaps Mr. Matthews would cover it.

Mr. MATTHEWS: There are no fees now for these services which are given by the Department of Transport. Newfoundland, however, before coming into Confederation had a tariff of fees and we think it is only fair that the expenses involved should be partially covered by people transferring and registering ships. We think they should pay some fee for that service. Every registry office in the country charges fees, but up to now we have been giving this service for nothing. I think that ship owners are well able to pay a fee.

Mr. HIGGINS: What would be the comparison between the fees charged in Newfoundland and the ones proposed here?

Mr. MATTHEWS: It has not been worked out.

The CHAIRMAN: Does section 6 carry?

Carried.

Section 7 "Repeal".

Does section 7 carry?

Carried.

Section 8 "Fees and Travelling Expenses".

Mr. GREEN: That is the one which provides for surveying ships. Is it permissible for government employees to do this surveying and in that way to collect fees quite outside their regular remuneration?

Mr. MATTHEWS: No. That is not permissible.

Mr. GREEN: But has it not been done?

Mr. MATTHEWS: I understand that a government employee is paid his salary and that he may collect his travelling expenses and that is all. He is not entitled to charge fees in respect to this surveying. But if the work is done by a classification society surveyor that is different. In that case he is not working for the government, and he can charge fees and keep them.

Mr. GREEN: It is not possible for the government employee to keep this extra money?

Mr. MATTHEWS: No, that is not possible.

The CHAIRMAN: Does section 8 carry?

Carried.

Section 9 "Regulations by Governor in Council". I think we want to hear from Staff Sergeant Albert Downs of the R.C.M.P. in connection with this section 9.

Staff Sergeant Albert Downs, Headquarters sub-division, R.C.M.P., called:

The WITNESS: Mr. Chairman, and gentlemen, I have been requested to appear on behalf of the Royal Canadian Mounted Police at the request of the Department of Transport just to give some outline of the degree of assistance which the Force, at the request of the department, has been trying to give the department in the enforcement of the Canada Shipping Act, and more particularly, the regulations having to do principally with the smaller type of power boat operated on the inland waters and adjacent to the coasts of Canada.

This assistance has been rendered since 1936. There was a considerable cessation during the war period for reasons that you will understand but since the close of the recent hostilities our endeavours have again been widened. Perhaps I might explain first that the duties that we are carrying out fall under four main headings:

(1) to see that motor vessels which are under ten tons, and therefore are not required to be registered, are licensed as required by the Act, the licence being issued by the nearest customs collector or subcollector;

(2) to see that such small boats carry the minimum requirements in life saving equipment;

(3) that they have the minimum requirements in fire-fighting equipment; and (4) to regulate or to prevent the dangerous speeding by these small motor boats on inland water which by so doing create a dangerous hazard to other small vessels and even to children and others who may be using bathing beaches on the inland waters.

As far as the first three headings are concerned, our efforts have been, with the concurrence of the department, very largely educational rather than punitive, excepting in very flagrant cases. The general approach has been to advise owners of these small vessels of the minimum requirements and the fact that they should be licensed, and usually with the provision that our patrols will return at a later date to see what has been done to correct the situation. Without checking records I feel quite safe in saying, subject to any opinion which may be expressed by other departmental officials present, that the degree of educational effort as against punitive measures can be shown, by the fact that in all the investigations which have shown that the regulations have not been fully complied with, there have been punitive measures taken only in one-half of one per cent of the cases investigated. I believe it is even less but I feel quite sure in saying that.

In the last category, which has to do with enforcing the regulations where operators of small speed boats are found to be operating at excessive speeds or in a manner which endangers the life or safety of other boats or persons, the educational need is not quite so strong because obviously where it has been a flagrant case it often calls for sterner action. However, unless it is a flagrant case, again warnings are given before any consideration is given to prosecution. There is just one point that I believe I would be expected to speak on, gentlemen, and that is that in the clauses which you will study which are really only a re-emphasis of existing legislation, in the form of regulations requiring that these small vessels be licensed and in addition that the minister may decide the type of identification mark which shall be painted on the exterior of these vessels. It has been our experience that very often on these occasions where people are operating in a dangerous manner are reported to us by others who are suffering as a result, or sometimes by observations of our own patrols, on land, and more often by the master or

crews of our patrol vessels. It is frequently impossible to stop a vessel as you would a car on the road, and for the purpose of positive identity it is almost essential that there be some mark whereby as a result of our observations, either with binoculars or by visual observation a boat can be checked, as it could be with this arrangement, at the local port of licensing to ascertain the name of the owner and his address. Police investigation would follow from there to see who was operating the boat at the time of the incident alleged. We find it very difficult, particularly in areas where there are many motor boats operating as, for instance, in the vicinity of the Thousand Islands in the St. Lawrence and in the Detroit River and other places where many hundreds are sometimes operating at one time. They are all very similar in outline and without some provision in the way of markings whereby that boat and its owner can be identified the enforcement would be difficult if not impossible.

I think that is all that I have to say, but if there are any points upon which I might be able to render further assistance I will be glad to do so.

The CHAIRMAN: Mr. Downs, you have not mentioned running lights on these small boats. That is one of the greatest hazards where there are a great many small boats operating. A great many accidents occur from the fact that these small boats do not carry lights. Is there anything being done to check that?

The WITNESS: We are checking that, sir, because that is at the present required. Infractions under that heading are very much less than under the other headings I have mentioned, for instance, operating without the minimum requirements for life saving and fire fighting and failing to license and dangerous speeding, but we do cover that and we agree that that is a very necessary requirement particularly in cases where many boats are operating in close waters.

The CHAIRMAN: Any questions?

Mr HODGSON: There are many tourists coming to Canada who bring their own outboard motors with them. Where would the responsibility lie? On the man who owned the motor or the man he rented the boat from?

The WITNESS: I believe, sir, the supervisor of nautical services could answer that. We have raised that question because we have run into it in enforcement. A man will rent a boat and the customer provides his own outboard motor. The question did arise as to where responsibility would rest, viz., on the man who put the outboard motor on the boat or the man who provided the boat. I am not too sure that that has been definitely ruled upon by the department, but the supervisor of nautical services would be able to answer that, I believe.

The CHAIRMAN: We shall, however, continue with Mr. Downs for the moment.

Mr. HERRIDGE: After listening to Mr. Downs I might say that I have not been acting in conformity with the law. I am quite sure that many people know nothing about licensing a boat under ten tons. I have used for a long time a boat just under ten tons and as I understood it when there is no steamship inspection nothing else is required. I would like to know what the law is now with respect to registration of boats of ten tons. What is required?

Captain KERR: For those under ten tons, if not registered they should be licensed under the Act.

Mr. HODGSON: We have a lot of tourists who come in and they bring in their own motors.

Captain KERR: We have had that matter under consideration. We have been wondering, however, if it is practical for the owner of a tourist resort with boats available for hire with outboard motors and for the use which the honourable member has in mind could be marked in the way we are speaking of for the purpose of identification. I may say that marking of vessels and licensing is not new. We have over 61,000 vessels in Canada already licensed. That number of boats has complied with the Act and they are required to mark their vessels with the name on the bow and the stern.

Mr. ROBINSON: Where is the authority for that?

Captain KERR: Section 106 of the Act.

Mr. ROBINSON: That seems to refer only to boats engaged in fishing, trading and carrying loads.

Mr. MATTHEWS: Section 107 is the more important section. Both sections refer to it but section 107 is the more important one.

Captain KERR: During the past few years the number of vessels licensed has been gradually growing. What we are suggesting is to simplify the marking system for identification purposes.

Mr. HODGSON: There are thousands of boats in my part of the country and they have no marks.

Mr. GREEN: Does that mean that you want authority to make every boat using an outboard motor take out a licence?

Hon. Mr. CHEVRIER: No.

Mr. GREEN: Where is the line drawn?

Hon. Mr. CHEVRIER: Wait. On that point, it is obvious that if that were done there would be chaos. At the moment, as I understand it, there is a section which has just been referred to covering the licensing of boats. Because of the fact that that section, if put into effect in accordance with this strict interpretation, would make life miserable for a person operating an outboard motor of one and a half horsepower, the provisions of the Act have been enforced in the manner in which Mr. Downs has explained, namely educational. It has been pointed out to some owners from time to time that they are not licensed; and there is no provision for a penalty. Now, what is sought here is the power to make regulations. As I explained in the House we have not a Motor Boat Act in Canada; we have not arrived at the point where we thought there should be one; but we are giving that some thought, and we have thought the way in which to give it some thought is to get the power to make regulations and to try out the regulations and to see how they work. There will have to be a dividing line some place as between a man owning a vessel of nineteen or twenty feet in length and one having a punt and putting on it an outboard motor of one and a half, two, three, or four horsepower. The intention of the regulations is not to cover a boat of that kind. Where to draw the line I do not know, and I do not think there is any definite opinion on that. There cannot be until we start getting the thing into operation. What we want is the power to draft regulations. Where we will draw the dividing line I do not know. We will have to decide that in accordance with the experience which our officers obtain over the course of time. I would say however, that it is clearly not the intention to cover a case such as I have mentioned of a person with a small outboard motor and, on the other hand, it is clearly the intention to cover the case of an individual having a boat with a high powered outboard motor in which he could travel at high speeds and cause injury to other craft of the same nature in inland waters and also cause injury to children and others who might be on the beaches bordering those waters.

Mr. GREEN: Mr. Chairman, I suggest to the minister it would be wise then to provide for regulations to cover the cases which he obviously wants to get at and not to take a blanket power such as is being sought in this amendment which enables him to license every outboard motor in Canada. I think that is going much too far, and if the department has made up its mind as to the people it is after, well, let it restrict its powers to those people and then if it is found later on that the Act is not wide enough, the Act can be changed, but just taking a blanket power, as the minister was saying, not knowing to whom he wants to use it against, to me is just going much too far.

Mr. GILLIS: Mr. Chairman the minister's explanation would be all right provided the minister was trying to enforce it but as I see it this is a new section providing for the licensing of outboard motors without deciding what the range of horsepower is going to be and that puts you in the same position as you are with a motorear. Every outboard motor according to these regulations, which are new, must have a licence. These regulations are going to be looked at and enforced by the R.C.M.P. and the R.C.M.P. in a good many of the provinces are working under the provincial attorney general. This thing here looks like enforcing regulations without regard to the size of the horsepower of the motor involved, that they should all be licensed regardless of horsepower in order to be able to enforce it. Then, again, in passing this clause you are invading the field of provincial jurisdiction. I think it is rather wide open myself and I was really wondering if you should not write something into the regulations which would provide that a boat over a certain size should be registered, let us say based on the horsepower of the motor or the launch or something like that. As it is there now you are going to take in the $\frac{1}{2}$ horsepower engine of an outboard motor, they will have to have a licence for that boat the same as for their car. I think it is rather tangled up.

The WITNESS: Mr. Chairman, might I just explain one point there that the R.C.M.P. working in the provinces work under contract with the provincial government but their responsibility is not to the attorney general of the province in so far as federal statutes are concerned.

Mr. JONES: Mr. Chairman, how is this going to affect regattas which are such an important feature at so many places throughout the country? When you hold an annual regatta, as you all know, for months before it is necessary to have these speed boats carrying our practice runs to find out what they can do, and that sort of thing, and boats equipped with outboard motors come in from many outside places such as Spokane, Seattle, and points of that kind. For a long time now we have been trying to encourage them to attend our regattas and in doing so we have also tried to encourage safety measures, and so far as I can remember there have been no serious accidents for a good many years past because of the safety measures and precautions which have now become established pretty much as a matter of custom. We have been able to build up a sort of code of safety which seems to be working out most successfully and it would handicap our work a great deal if we had to have this licensing provision enforced, not with respect to the licensing itself so much as the regulations governing speed and so on which would have an important bearing on our annual regattas.

The WITNESS: To reply to the point just raised by Mr. Jones with respect to annual regattas may I say that we are not called upon by the department to enforce regulations or restrictions as to speeding at regattas but rather to keep other persons away so that they will not come to harm. At regattas and water sport events of that kind it is usual for us to have additional staff present to keep other craft away in order to prevent accidents.

Hon. Mr. CHURCHER: Let me clear up a little point. I understand from what the officers of the department tell me that there is nothing in this section which would interfere in any way in so far as regattas are concerned.

Mr. JONES: But it is not actually the regattas themselves which give rise to our concern but rather the fact that anyone entering a boat in an event of this kind would want to know what it could do and so would be trying it out for maybe four or five or six weeks before the holding of the actual regatta, and during that time they would be trying their boat out at the different speeds. Frankly, if you were to exclude certain areas, or set aside certain areas and deal with those places and license them I think that would be all right.

Mr. CARROLL: This section would not appear to me to give the minister any power which he did not already have before the convention. A ship under the definition section of the Act includes every description of vessel used in navigation not propelled by oars. Then, section 107 would make provision for the licensing of ships which are exempt from measurement and registration, referring to this class of small ships. Therefore, this new section 107A which provides for the licensing of vessels equipped with detachable motors does not seem to me to add anything to the powers of the minister.

Hon. Mr. CHEVRIER: That is right.

Mr. CARROLL: Why especially outboard motors?

Mr. MATTHEWS: The section is put in there to change the system to provide for the licensing of certain boats and certain other small craft equipped with detachable motors. In this connection the committee might be interested in knowing that under the Motorboat Act in the United States all craft over a certain length are required to be certificated and numbered and they have half a million such vessels in the United States which are numbered and licensed.

Mr. JONES: Is it licensing for the purposes of revenue?

Mr. MATTHEWS: No, it is not licensing for revenue purposes, it is for identification purposes only.

Mr. HERRIDGE: Would every owner of an outboard motor have to have a name on his boat?

Mr. MATTHEWS: No, there are certain provisions.

The CHAIRMAN: No, that is standardized under the code.

Mr. MATTHEWS: Yes, there is a standard code.

The CHAIRMAN: And the purpose is to provide uniformity in application. You will see more about that a little further on.

Mr. MATTHEWS: I think the regulation should cover that.

Mr. GARLAND: Mr. Chairman, I would like to ask a question.

The CHAIRMAN: Sorry, I didn't see you before, Mr. Garland.

Mr. GARLAND: The R.C.M.P. have the enforcement of this regulation; what position do they take as it affects small boats?

Mr. MATTHEWS: I think Sergeant Downs might better speak for the R.C.M.P. on that. Do you recommend on behalf of the R.C.M.P. that all these small craft be marked?

The WITNESS: In order to have enforcement it is essential that they should all be marked. I do not see otherwise how you would be able to enforce the regulations because you would have no positive way of identifying a boat against which a complaint was made, and for purposes of identification it is highly important that they should be clearly identified by marking.

Mr. GARLAND: Mr. Downs is here as an enforcement officer representing the enforcement of the law or the legislation. However, I doubt the necessity of this clause as it affects small craft of the small tourist operators who operate at various places throughout the territory in which he may be working. In itself this clause appears to be very innocent looking. The officer said that prosecutions have been less than one-half of one per cent. This licensing is,

I think, for the purpose of being able to enforce regulations. I know that camp operators in my area have been visited and chaps with very small boats are being told that they are required to put in life-saving equipment and fire fighting equipment and so on. The licensing, as I see it, is for identification purposes so that the R.C.M.P. can enforce this regulation. I know many camp operators—and I am sure many members here who come from areas where there is no tourist development understand the point I am making. A camp operator may have his boats dotted throughout the area and it would be impossible for him to keep fire fighting equipment in this small boat which he, perhaps, uses once or twice a week. They are kept out in the woods or drawn up on the shore. It would be impossible I suggest for the operator to do this. Apart from the nuisance value it also will present trouble in Ontario if that man has to keep fire fighting and life-saving equipment in every little boat which he may be using in his operations. If that is the purpose here—although it does not say so—the licensing will lead to the enforcement of this regulation and that is the part I object to, and I speak for many operators in our district who have come to me about this matter of the enforcement of the fire fighting and life-saving regulations.

In our district, which is a small one, we take in \$5 million of tourist money every year and we are naturally anxious to get every dollar of that kind we can.

Mr. NOSEWORTHY: Mr. Chairman, do I understand that this section 107 provides for the licensing and so on of all boats carrying outboard motors, is that the purpose?

Mr. MATTHEWS: It merely provides for the making of regulations. The regulations have not been made and they will be very carefully considered before they are made. There will be certain boats equipped with detachable motors which will be licensed and others which will not require to be licensed. That will all depend on what studies the department is able to make.

Mr. NOSEWORTHY: That is what I had in mind.

Mr. HERRIDGE: Mr. Chairman, I just want to say in principle that I agree with this section and I have had some experience in boats of various types, outboards too. The only thing I would suggest is that it might be wise to add some provision in there with respect to the power of the outboard motor which is directly related to its speed potential. You get a high speed outboard motor of high horsepower and it can travel very fast. I was pleased to see here reference to life-saving requirements and fire fighting requirements because in this country you have tourist operators going out in boats and I think any boat that is rented out should be safeguarded in those particulars at least with fire and life-saving equipment. I see a great many small launches going out frequently without any provision in the line of life-saving equipment or adequate fire protection and I know of a good many near disasters where boats just did not have anything in the way of adequate protection at all. A lot of people who go out in these small launches, particularly those who rent them, are very careless just because there are no regulations. I am all for the regulation. I am in the habit of fooling around on the lakes and one of the big bugbears that I have come across is the chap with a high-powered outboard motor racing up to 40 miles an hour, particularly at night without running lights. I am in favour of regulation of that sort of thing. I think it is a good thing and that additional protection should be given to the public. I think the public should be protected from launches with outboard motors, particularly high-powered ones; but I do suggest that it might be advisable to have it apply let us say to outboard motors above 5 horsepower. Motors above 5 horsepower can become a dangerous speed hazard. My suggestion with respect to what is contained in this section, that every effort should be made by the department to inform the public about these regulations. I think it is most important that the public should be informed.

The CHAIRMAN: Yes, they should give them correct and reliable information so that there can be no misunderstanding. As mentioned by Mr. Garland, this affects our tourist trade and is something which should be given careful consideration.

Mr. APPLEWHITE: Are these licences to be renewable every year?

Mr. MATTHEWS: No, one licence for all time, subject to change of ownership.

Mr. APPLEWHITE: It would be changed with change of ownership?

Mr. MATTHEWS: Yes.

Mr. CARROLL: I would like to ask you about the use of outboard motors on the Atlantic seaboard, particularly on the Island of Cape Breton, with respect to fishing vessels, the small fishing boats; are they operated by the outboard motor process?

Mr. KERR: I do not know of any fishing boat, sir, on any of our coasts propelled entirely by outboard motor. My experience has been that all fishing boats, commercial fishing boats, are powered by inboard motors.

Mr. CARROLL: Yes, and if there are I suppose the counsel for the department would see that fishing boats as mentioned in section 106—they are bound to get a licence—would they be subject to this regulation?

Mr. MATTHEWS: No, fishing vessels would be exempt.

Mr. CARROLL: I know that they have to have a licence but I am asking now if these regulations would apply to the small fishing boat or vessel?

Mr. MATTHEWS: I would think that they would be exempt under any regulations that would be made.

Mr. CARROLL: I can understand that. That is what I wanted to bring to the attention of the minister. Are the regulations that will be made under this proposed amendment to apply to fishing boats or vessels operated in coastal waters?

Hon. Mr. CHEVRIER: I can give that undertaking now.

Mr. APPLEWHITE: The third question I wish to ask concerns this matter of the nearest custom collector being the only facility for vessels being registered. It is the nearest collector who registers?

Mr. MATTHEWS: Yes, I would think that would be correct—the customs collector, or sub-collector, would be the registrar for the ship.

Mr. APPLEWHITE: Then I just wish to give this suggestion to the minister. I am not acquainted with the section, but it is probably required; and I am not speaking in connection with the tourist industry or with much travelled waterways, but I am speaking for the primitive areas of this country where a man operates a bateau with an inboard or an outboard motor. He is three or four hundred miles from the customs office and there are no roads or other means of transportation. All I am going to do now is to ask that when the regulations are drawn care is taken that the provisions are not of a general nature, impossible of application in remote areas.

Mr. CARTER: In reply to a question put by Mr. Carroll, for the information of the committee, I should like to put on record the fact that there are a number of fishermen in my riding who use outboard motors in their small fishing boats.

Mr. MOTT: I do not see an awful lot wrong with the section—in fact I would support it, but with respect to the remarks made by Mr. Carroll some of the fishing boats go a lot faster than speed boats. When checking up on this, I think fishing boats should be taken into consideration. I know some of those boats going out dog fishing and running three or four miles off the coast travel at 25 or 26 knots. With reference to what is necessary for fire fighting I think that

matter is of small nature, but I do think that one of the things the Act does help is in connection with the matter of stealing engines from boats. The matter of identification is important.

The CHAIRMAN: Shall the clause carry?

Mr. GARLAND: May I ask a question here? Can the department say whether all craft using outboard motors, regardless of where they are based, will require to have fire fighting equipment and life saving equipment in them?

Mr. MATTHEWS: Yes; there are regulations on that point. Steamship inspection requires that all motor boats should carry a certain number of life preservers and that for fire fighting purposes a fire extinguisher must be carried when the ships are used commercially. Operators should, then, have that apparatus. If you are going to carry passengers for hire you should have the equipment. We do get a lot of complaints and people are drowned every summer.

Mr. ROONEY: In Toronto bay practically all boats are licensed. They have to have a light and it does not matter how small the boat is. Now, I do not know who collects those licence fees—perhaps the minister can inform us whether it is the Toronto Harbour Commission or not—but, with the extra licensing what would the effect be?

Mr. MATTHEWS: Those boats would come under the Toronto Harbour Commission but the department would work in connection with the Harbour Commission.

Mr. ROONEY: There would be no duplication?

Mr. MATTHEWS: No.

Mr. HERRIDGE: I would like to speak about paragraph (a) of section 107A and move that it be amended by adding after the words "detachable motors" the words "over 5 horsepower."

Mr. HODGSON: I would second that motion if you would include the length of the boat as 20 feet?

Hon. Mr. CHEVRIER: That is the very point. If you put in the length of the boat you destroy the idea Mr. Herridge has. How are you going to regulate this, by length or horsepower?

Some MEMBERS: Horsepower.

Hon. Mr. CHEVRIER: My idea the other evening was "horsepower" but my officers say that it should be "length". They do not say it must be length but they feel it should be. If you amend this you are going to tie their hands. They want to find out by experience whether it should be length or horsepower and, I think perhaps we should learn by experience and leave it this way.

Mr. JONES: Mr. Chairman, I think the difficulty of determining it by length lies in the fact that on our lakes the speed boats are little "flapjacks" about 5 or 6 feet in length.

Hon. Mr. CHEVRIER: You are thinking of racers now?

Mr. JONES: Yes. They are there all the time.

Mr. HARRISON: Mr. Chairman, I think this section is fairly clear. Will the point about specific regulations being made be subject to ratification by parliament?

The CHAIRMAN: No.

Mr. NOSEWORTHY: Would it not be more sensible to regulate it by actual speed per hour rather than by either length or motor?

Hon. Mr. CHEVRIER: It may be. That is one thing we would like to study.

Mr. NOSEWORTHY: Because 5 horsepower on a short boat would create a much greater speed than twice that horsepower on a long boat. I think speed is the factor.

Mr. HIGGINS: I am not very happy about this thing. The minister said it is a question of finding out what is the best thing to do. Why not wait until we find out before we put this section through at all.

Hon. Mr. CHEVRIER: There is an amendment before the chair Mr. Chairman.

The CHAIRMAN: Yes. Mr. Rooney was speaking on it.

Mr. ROONEY: I would like to clear this up. I shall have these questions thrown back to me when I get home. I belong to the Royal Canadian Yacht Club. The majority of people who have these boats have to put on a plate. Now you come along with another one on top of that. I think there will be a lot of complaints. Before that is done, would you be making some arrangements with the Toronto Harbour Commission that there would only be the one plate?

Mr. ROBINSON: Or with any other Harbour Commission.

Mr. ROONEY: Or with any other harbour commission. Hamilton is in the same position.

Mr. GREEN: I would like to find out where the punitive provisions are to be found. Where do we find the crimes? Is it under the Criminal Code or under the regulations issued under this Act? Where are the laws that you are enforcing?

The WITNESS: You mean the penalty for failing to comply with these things?

Mr. GREEN: No. Where is the crime defined?

The WITNESS: In the Canada Shipping Act itself, such as for insufficient fire fighting equipment, and life saving, and for speeding. The penalty is in the regulations in the case of excessive speed on inland waters.

Mr. GREEN: That is a regulation under the Canada Shipping Act?

The WITNESS: That is right.

Mr. GREEN: Are there any provisions under the Criminal Code which you could invoke, having to do with ships?

The WITNESS: I cannot recall any, sir.

Mr. GREEN: You are dealing only with the regulations under the Canada Shipping Act?

The WITNESS: Yes, sir.

Mr. GREEN: Have any complaints been received from any of the provinces about the law as it stands?

Captain KERR: We have had a series of complaints down the years from practically every province in Canada and from individuals on the need for regulations to control the speed of motor boats.

Mr. GREEN: Have you received any complaints from the Attorney General of any province?

Hon. Mr. CHEVRIER: They would not come to us. They would go rather to the Department of Justice.

The WITNESS: I think a complaint was received from Saskatchewan last summer concerning excessive speed on a certain lake there, the name of which I forget. There is a beach as well, and a request was made that some action be taken to deter speed. There may be others. I think this happened last summer.

Mr. GREEN: But the minister knows of no complaints from an attorney general in Canada?

The WITNESS: No.

Mr. GREEN: About the regulations or about the way in which they are being enforced. Are these regulations enforced by any one except the R.C.M.P.?

The WITNESS: Yes. I think the regulations are drafted in such a way that action can be taken for speeding under those regulations by other forces. I am sure that in Ontario prosecutions have been made by municipal police.

Mr. ROBINSON: The Trent Canal authorities for one can do it.

Mr. CARROLL: Any private individual can do it.

Mr. GREEN: Yes. These regulations have universal application. Will they apply to all the lakes in the country or will they be limited to waters where there is quite a lot of traffic? Are they going to be applied to all the lakes in the country? It seems to me there is quite a lot of difference between what is required, let us say, for the Detroit River or for the Thousand Isles, and what is required for Lake Labine in the riding of the member from Skeena. Will these regulations apply to the whole of the country, or will they be applied only to crowded waters?

The CHAIRMAN: Mr. Herridge, I see you are leaving. Are you withdrawing your motion?

Mr. HERRIDGE: No, Mr. Chairman. I have to leave, unfortunately. The motion stands.

Captain KERR: It is my understanding that no nuisance value will be attached to the proposed regulations nor is there any desire to go into the far-off places to see if a person has a mark on a boat. The idea is to mark vessels where possible and feasible for identification purposes.

Mr. GREEN: If you are only trying to get at a wrong which is found in every populated district then why not confine your law to those areas, because to take out a licence for a motor boat, a man in the first place has to go—as Mr. Applewhite has said—he may have to go hundreds of miles to get the licence, and before he gets that licence he may have police officers stepping in there and going after him, laying a charge against him. That gives great scope for petty tyranny. I think when we are putting in regulations of this type which can be enforced perhaps by imprisonment—there will be a penalty for breaking the regulations—we have to be very careful in making blanket regulations especially where the department does not know where the limit is to be. What Mr. Garland has said is of the utmost importance to Canada. The tourist industry is one of the most important industries in Canada and we are affecting tourists going to the Canadian tourist resorts, Americans coming here who bring outboard motors with them. The department does not know yet who is to get that licence, whether the Americans will have to get it or whether the man who rents them a hull will have to get it. It is going much too far. I think there should be some restriction placed on this provision. Has it been estimated how many outboard motors there are in Canada?

Captain KERR: Mr. Chairman, I cannot give an answer to that question but I have given the figure of over 61,000 vessels which are licensed.

Mr. GREEN: Yes, but those are small pleasure craft we find, for example around Vancouver, and in different harbours, but when you consider outboard motors I will bet you there are thousands of them in Vancouver alone. Now, you have no idea how many thousands or hundreds of thousands there are in Canada?

Captain KERR: I do not think it is possible to say exactly how many there are, or even to give a reasonable guess as to the number of outboard motors or boats propelled by outboard motors.

Mr. GREEN: There has been no estimate made whatever as to the number?

Captain KERR: Not so far as I know.

Mr. CANNON: Mr. Chairman, on Mr. Green's remarks and also on the motion made by Mr. Herridge, I would like to submit that we cannot incorporate in the Act the exact scope of the licensing requirements, neither as to the waters to be covered nor as to the norm to be used, whether speed, size of boat, or power of motor. I think all this should be left to the regulations and to the department to deal with. I think we are wasting our time here in going into such detail.

Mr. HODGSON: In my riding alone there are 5,000 outboard motors and none of them are licensed, and there are another 5,000 boats which are not marked. Now, if this regulation comes into force this year all that any policeman has to do is to go down to the docks at nightfall at Bobcaygeon, Fenelon Falls, and many points in Haliburton County, and he can pick off sixty in an evening coming in at any one of those docks.

Hon. Mr. CHEVRIER: Mr. Chairman, let me reassure my honourable friend, Mr. Hodgson, that there is no intention of doing that. Surely the people who are enforcing this Act are going to use some common sense and if they do not, I am going to see to it that they do, and I am telling them that now. The object of this has been very clearly explained by the officers and there is no intention of making life miserable for people. Surely, the position in my own district is equally the same as that in the district of my friend, Mr. Hodgson, and in other districts as well. I think we must rely on the discretion, as suggested by Mr. Cannon, of these men. They are not going to enforce the regulations in order to antagonize the public; I think it is more for the protection of the public.

I would point out now, Mr. Chairman, that we have been on two sections since we started this morning.

The CHAIRMAN: All in favour of Mr. Herridge's motion? The clerk will read it.

The CLERK: Mr. Herridge moved that clause 9 be amended by adding to paragraph (a) of section 107 (a) contained therein after the word "motors" in line 32, page 7, the following: "over five horsepower".

The CHAIRMAN: All in favour of the motion? Opposed?
I declare the motion lost.

Mr. GREEN: Could we have an explanation of paragraph (b)?

The CHAIRMAN: You mean (b) in section 9?

Hon. Mr. CHEVRIER: Yes.

Mr. MATTHEWS: Clause (b) in 9 has this effect: at the present time a United States resident who owns a boat in Canada is not required to have a licence and being an alien is not entitled to have a licence so that clause is put in there to enable a licence to be granted to a United States citizen who is a summer resident of Canada.

Mr. GREEN: In other words, if an American motorboat comes up into Canadian waters the proprietor must get a Canadian licence?

Mr. MATTHEWS: No, that is not what it is for. What we have in mind is the person who keeps a motorboat here all the time; that boat should be licensed.

Mr. GREEN: That would not apply to a boat just coming in on a visit?

Mr. MATTHEWS: No, not to a boat coming on a visit.

Mr. GREEN: That is where a boat is actually a Canadian boat owned by an American.

Mr. MATTHEWS: Yes, being maintained by him in Canada.

The CHAIRMAN: Does he have to pay for this licence?

Mr. MATTHEWS: No, the licence is free.

Shall the section carry?

Carried.

Shall section 10 carry?

Carried.

Shall section 11 carry?

Carried.

Shall section 12 carry?

MR. GREEN: Could we have an explanation of that?

MR. MATTHEWS: Representations have been made to the department by the halibut fishermen on the west coast. At the present time they operate under a regulation which permits them to go up as far as Cape Spencer and if they want to operate further west along the coast of Alaska they cannot do so. The effect of this amendment is to enable them to do that. In other words, it enlarges the territory in which they can operate. They have said that this change is satisfactory to them.

MR. GREEN: Who asked for that?

MR. MATTHEWS: The halibut fishermen, all the halibut fishermen on the west coast.

Carried.

Section 13, shall section 13 carry?

MR. GREEN: Could we have an explanation of section 13?

MR. MATTHEWS: Yes. The first part of that section, that is section 122, is the same as at present in the Act. The change is made in paragraph (b), and that is to enable the operator of a boat such as those operating out of Gananoque and Brockville to operate with the master having only a temporary certificate. Strictly speaking, to comply with the Act they would be required to have a certificate covering minor waters and that would involve a certain amount of experience, a physical examination and so on. The operators of these little launches are thoroughly familiar with local waters and are entitled to an operating certificate.

Carried.

Section 14, shall the section carry?

Carried.

Section 15?

MR. ROBINSON: On clause 15, the representatives of the Dominion Marine Association would like to say a few words. I am sure they will not take long.

Hon. MR. CHEVRIER: I think I know what they want and perhaps I might say a word on it. I think their request is a reasonable one. The operators and the Dominion Marine Association feel, I believe, that this should not be made applicable—I refer to section 276—to shipping operating on the Great Lakes; and if that is so I think the position is well taken; and perhaps I could suggest that subsection 6 should read somewhat like this: This section does not apply to United States ports on the Great Lakes or the River St. Lawrence. Does that meet the situation?

MR. DONOVAN: That is satisfactory.

MR. GIBSON: I wonder if Mr. Matthews could tell us what is involved in this?

MR. MATTHEWS: This deals with the delivery of documents to consular officers by ships on international voyages when in port. It was felt that this should not apply to ships operating on the Great Lakes from a port in Canada to a United States port.

Mr. GREEN: What about ships on the west coast engaged in the coastal trade?

Mr. MATTHEWS: It definitely applies to ships which visit foreign ports. For instance, take a ship going from Vancouver to San Francisco, it would be required to comply with the section and deliver its documents to the consular officer there.

Mr. GREEN: But suppose the ship went to Skagway, Alaska?

Mr. MATTHEWS: It would apply there also. The document would have to be filed with the consular officer there if there is one.

Mr. GREEN: This is an entirely new provision in the Canadian Act?

Mr. MATTHEWS: Yes, it is taken from a similar provision in the United Kingdom law.

Mr. GREEN: The ship's master has to go to the consular officer and leave with him during the stay in that port a copy of the agreement between the owners and the crew; that is what it is?

Mr. MATTHEWS: That is right.

Mr. GREEN: I am not quarrelling with the amendment. It is a new provision and I was just wondering why the provision is made in this section?

Mr. MATTHEWS: The purpose of that is to make sure that if anybody is left behind in a foreign port a copy of the record is with the consular officer.

Mr. GREEN: Who asked for it?

Mr. ADAMSON: Was that not an International Labour Office recommendation.

Mr. MATTHEWS: The department has felt the need of it in practice for some time. The recommendation comes from the department.

The CHAIRMAN: Mr. McCulloch has an amendment.

Mr. McCULLOCH: Yes.

The CHAIRMAN: I shall have the clerk read it.

The CLERK: "That clause 15 of the bill be amended by adding the following as subsection (6) to section 276 (a). "(6) This section does not apply to United States ports on the Great Lakes or river St. Lawrence".

The CHAIRMAN: All in favour of the amendment?

Carried.

Shall the clause as amended carry?

Carried.

Clause 16.

Carried.

Clause 17.

Mr. GREEN: This brings up a new point and I wonder if we might take it later on?

The CHAIRMAN: It is 1 o'clock now, shall we adjourn until 3.30 p.m.?

Agreed.

The committee adjourned.

AFTERNOON SESSION

WEDNESDAY, JUNE 21, 1950.

—The committee resumed at 3.30 p.m.

The CHAIRMAN: Gentlemen, I believe Mr. Green was discussing clause 17 at the adjournment. Would you like to continue Mr. Green?

Mr. GREEN: I wonder if the officers could explain the matter of the white flag certificates. Apparently they are being done away with and I would just like to get some information.

Mr. MATTHEWS: The white flag certificate is a certificate which is given to a master or mate of a ship to pilot his own ship. They have not been issued for many years. I understand there are none now in force. The pilots themselves have objected to this provision being in the Act and have asked for the repeal of white flag certificates. Henceforth the only people having pilotage certificates will be the pilots themselves.

The CHAIRMAN: Shall section 17 carry?

Carried.

Section 18.

Carried.

Section 19.

Mr. GREEN: Clause 19 amends section 338 and that section exempts certain ships from paying pilotage dues. Now, if a government ship takes on a pilot, is the government not compelled to pay any pilotage dues, and if not, why not?

Mr. MATTHEWS: Government ships are not required to pay pilotage dues—they are exempt because they are not engaged in commercial work. This amendment is put in to take care of the situation between Sydney, Nova Scotia and Newfoundland. Vessels of the Newfoundland railway, before Confederation paid pilotage when they went into North Sydney harbour. At Confederation they became government vessels. They were entrusted to the C.N.R. for operation and it is proposed to make those vessels subject to pilotage dues. The exception reads: "except ships entrusted for operation and management to an agency of this Majesty"—the C.N.R.—they are engaged in commercial work.

Mr. GREEN: All other government ships will get pilotage service free. I can understand why naval ships should not have to pay pilotage?

Mr. MATTHEWS: If they take on a pilot they would have to pay the pilot; but they do not take on pilots.

Mr. GREEN: All government vessels except those ones taken over from Newfoundland get free service? Is that the position?

Mr. MATTHEWS: The position is that they do not engage pilots. A lighthouse tender does not engage a pilot.

Hon. Mr. CHEVRIER: The master of a ship knows the waters in which he is plying.

Mr. GREEN: But if they have to have a pilot—

Mr. MATTHEWS: If they had to take on a pilot they would pay him.

The CHAIRMAN: Shall the section carry?

Carried.

Section 20.

Mr. GREEN: Clause 20 appears to give the pilots some right to cut down the exemptions from the payment of pilotage dues—which right they have not had before?

Mr. MATTHEWS: Yes.

Mr. GREEN: What was the reason for the change?

Mr. MATTHEWS: They did have the right before, Mr. Green. In connection with ships in the Montreal pilotage district they have taken out the expression "other than the pilotage district of Montreal" because the pilots of Montreal want the right to remove the exemption in the case of a ship over 1500 tons. That is the reason for the exception "other than the pilotage district of Montreal". Otherwise, the section is the same as it was before, giving the pilots of Montreal the right to remove exemptions.

Mr. GREEN: Should not be a right given to the department rather than to the pilotage authority?

Mr. MATTHEWS: It is a right of the department because it has to be done by by-law approved by the Governor in Council. The pilots cannot do that unless the by-law is approved by the government.

The CHAIRMAN: Shall the section carry?

Carried.

Section 21.

Carried.

Section 22.

Carried.

Section 23.

Carried.

Section 24.

Carried.

Section 25.

Mr. GREEN: This section apparently gives the government very wide powers to make regulations in order to comply with the International Convention of Safety of Life at Sea. Is that the purpose of the section?

Mr. MATTHEWS: Yes. The only new parts in this section are the parts which refers to the new convention. The old section refers to the old convention.

All the sections from now on merely give power to implement the new convention.

Mr. GREEN: All sections to the end of the bill from 25 on deal with the convention?

Mr. MATTHEWS: Yes, except for two sections at the end.

The CHAIRMAN: Shall section 25 carry?

Carried.

Section 26.

Carried.

Section 27.

Mr. HERRIDGE: In connection with clause 27 I would like to ask the witness whether that applies to the case of a new ship being launched—not inspected—but proceeding to another port without passengers and for further improvements?

Mr. MATTHEWS: Mr. Young tells me that in those circumstances a permit would be issued.

The CHAIRMAN: Shall the section carry?

Carried.

Section 28.

Mr. GREEN: Could Mr. Matthews explain this section. I do not understand why that is not done under 387 of the Canada Shipping Act instead of 388.

Mr. MATTHEWS: We are speaking now of section 389.

Mr. GREEN: Yes.

Mr. MATTHEWS: That has to do with the issue of the certificates. 389 says: "—on receipt of the report of inspection provided in—388". That has to do with convention ships.

Mr. GREEN: Why is it not on receipt of the report of inspection provided for in 387?

Mr. MATTHEWS: 387 requires that inspection shall be made. 388 has to do with the report. 388 provides that the report shall be made to the chairman.

Mr. GREEN: The two sections refer to the same inspection?

Mr. MATTHEWS: Yes.

Mr. ROBINSON: Why is it that you have the words "Canadian Steamship" in that section? Is there any reason for that?

Mr. MATTHEWS: Yes, you see we changed the definition of a ship registered in Canada to Canadian ship.

Mr. ROBINSON: But in your interpretation clause you call it "Canadian ship". Why do we not have "Canadian ship" all the way through?

Mr. MATTHEWS: This is a steamship. There is particular reference to a steamship.

Mr. ROBINSON: Should we not define a "Canadian steamship"?

Mr. MATTHEWS: I do not think it is necessary. A steamship is defined as a ship propelled by machinery.

Mr. ROBINSON: This section only applies to steamships?

Mr. MATTHEWS: That is right.

The CHAIRMAN: Suppose it were a diesel ship?

Mr. MATTHEWS: That would be a steamship.

Mr. GREEN: What about subsection 2 of section 389?

Mr. MATTHEWS: That has to do with a cargo ship. The old convention did not cover cargo ships so now there is a special safety certificate for cargo ships.

The CHAIRMAN: Shall section 28 carry?

Carried.

Section 29.

Carried.

Section 30.

Carried.

Section 31.

Mr. GREEN: Can you explain this new section 392?

Mr. MATTHEWS: It is a new section Mr. Green. The underlined words indicate the changes that are made to correspond with the Safety Convention provisions. I do not think that there is anything important in it.

Mr. GREEN: Is there any significance to the words "in the course of a voyage"?

Mr. MATTHEWS: No, before it was "if on any international voyage." I think that was a change suggested by the Justice Department.

Mr. GREEN: Of no material significance?

Mr. MATTHEWS: No.

The CHAIRMAN: Shall section 31 carry?

Carried.

Section 32.

Mr. GREEN: May I refer to subsection 2 of new section 393.

The CHAIRMAN: Duration of certificates?

Mr. GREEN: Formerly the certificate was only for a period of one year and now that time limit has been removed. Why was that done?

Mr. MATTHEWS: The safety equipment certificate which applies to cargo ships is a two-year certificate. That is a change in the convention.

Mr. GREEN: Well for a passenger ship of what duration would the certificate be?

Mr. MATTHEWS: I think it is one year but I will let Mr. Young explain that.

Mr. YOUNG: Section 476 of the Act refers to small ships under 150 tons gross tonnage which are motor ships and are inspected only once in four years. The safety equipment certificates which are issued under the Safety Convention to cargo ships are issued every two years. Every other certificate is issued annually.

Mr. GREEN: Old subsection 2 read: "Save as provided in section 476 of this Act, a certificate shall not be in force for more than one year from the date of issue or for any shorter time specified therein, or after notice has been given by the chairman to the owner or master that it has been cancelled." Now, you have taken out the one year period in the new section?

Mr. YOUNG: All certificates, barring the exceptions, are for one year only. In the case of motor ships of under 150 gross tons the inspection is every fourth year; and in the case of cargo ships which have to carry safety equipment certificates the inspection is every two years.

Mr. GREEN: Any certificates to which 393 refers will be either two years in the case of cargo ships or one year in the case of passenger ships?

Mr. YOUNG: One year in the case of passenger ships is correct.

Mr. GREEN: Even though the time is not mentioned in the certificate?

Mr. YOUNG: Under section 387 the ships must be inspected annually.

Mr. GREEN: What about new subsection 4 which provides for an extension for one month?

Mr. YOUNG: That is a new provision in the Safety Convention.

Mr. GREEN: Called for by the Safety Convention?

Mr. YOUNG: Yes.

The CHAIRMAN: Shall the section carry?

Carried.

Section 33.

This is a long clause, gentlemen, and I suppose you have considered the various subparagraphs.

Mr. GREEN: On page 17 I see that subsection 3 of 396 is new. Would one of the officers explain why it has been inserted?

The CHAIRMAN: You are referring to the section at the bottom of page 17?

Mr. MATTHEWS: That is to take care of the case of cargo ships which were not covered by the old convention, and that merely means that where a cargo ship of a foreign country has a valid safety equipment certificate it is accepted by the Canadian authority.

Mr. GREEN: It is to cover cargo ships?

Mr. MATTHEWS: Yes.

The CHAIRMAN: Shall section 33 carry?

Mr. GREEN: Before you go on to section 34 I would like to ask a question in connection with new section 398a which apparently covers ships which belong to a country not a party to the convention. Canada could issue a certificate in respect of those ships, as I understand it, and I wonder whether the officers would explain how this is handled.

Mr. MATTHEWS: No, we do not give any certificate to a ship which does not belong to a signatory of the Safety Convention. If a vessel belonging to a country which is not a party to the Safety Convention comes into our port and our steamship inspector thinks that the ship is not safe, then the inspector can refuse to clear the ship or he can clear the ship under certain conditions which are outlined on page 19.

Mr. GREEN: That is a new provision?

Mr. MATTHEWS: Yes. The reason for it is that we do not think ships belonging to countries not parties to the Safety Convention should come into Canadian ports free to trade back and forth, without some inspection or discretion used as to whether they should come in here. They may have standards that are below safety standards and we think our inspectors should have the right to go on board and if necessary to refuse clearance.

Mr. GREEN: That is a new power being taken by Canada?

Mr. MATTHEWS: That is right.

Mr. GREEN: Hitherto we have had no control over a ship unless it belonged to a country that belonged to the convention?

Mr. MATTHEWS: No.

The CHAIRMAN: Shall section 33 carry?

Carried.

Section 34.

Carried.

The CHAIRMAN: Section 35. Does the section carry?

Carried.

Section 36. Does the section carry?

Carried.

Mr. HERRIDGE: Mr. Chairman, I asked a question about section 34.

The CHAIRMAN: Oh, I am sorry. What was your question?

Mr. HERRIDGE: I asked what does it actually mean?

Mr. MATTHEWS: Perhaps Mr. Young will answer your question.

Mr. YOUNG: The explanation of this section is as follows: A ship carrying a large number of passengers is not allowed to load so deeply as one carrying, let us say, 20 or 30 passengers. As a ship carries a greater number of passengers, the sub-division of the ship is required to be closer. In many cases with a very small number of passengers, the ship could be loaded deeper; but with a larger number of passengers, it is purely a matter of the sub-division. And the only changes from the old or main part of the Act in this particular section are the few lines which are underlined.

Mr. GREEN: Is there anything significant in this provision that a "steamship shall not be so loaded as to submerge in salt water the appropriate sub-division load line on each side of the steamship when the steamship has no list."

Mr. YOUNG: The original convention did not specify it; but most convention ships are salt water ships. There are several cases where a ship, if loaded to the sub-division mark, let us say, at Montreal, might be several inches above that mark when it got to sea water. So the convention no longer applies to the loading of a ship in fresh water.

Mr. GREEN: How does that work out in Montreal which is, I presume, a fresh water port?

Mr. YOUNG: To begin with, the ship would be loaded. Of course, fresh water is less dense than salt water, and the ship would float at a much deeper draft, so that when she reached salt water she would rise, in many cases, as much as 9 inches, according to the size of the ship. And in addition to that, going from Montreal to salt water, a considerable quantity of stores are consumed on the way down. Therefore another allowance is made so that when the ship reaches salt water, she will float at the subdivision loadline.

Mr. GREEN: You will allow the ship to load so that she is below the line at Montreal?

Mr. YOUNG: Yes, that is it.

Mr. PEARKES: How do you define "salt water"?

Mr. YOUNG: In this case it means sea water, 64 pounds to the cubic foot.

The CHAIRMAN: We have passed section 34 and section 35. Shall section 36 carry?

Mr. GREEN: Could we have an explanation, Mr. Chairman?

The CHAIRMAN: "Radio Installation".

Mr. CATON: Mr. Chairman, section 36 is the half of section 406 of the Canada Shipping Act which applies to vessels on international voyages and in so doing brings it in line with the new convention.

Mr. GREEN: This is a section which deals with radio telegraphers and an international voyage. This new provision reads:—

All Canadian passenger ships carrying more than twelve passengers, and other Canadian ships of sixteen hundred tons gross tonnage or more, plying on international voyages shall, unless exempted under the provisions of this Act or of the regulations made thereunder, be fitted with a radio installation complying with the provisions of the Safety Convention applicable to ships fitted with a radiotelegraph installation, and shall carry such operators with such qualifications who shall keep such watches as the Minister may prescribe, and while keeping such watches operators shall not engage in any other duties which in any way interfere with the keeping of watches;

What we had hoped was that there would be a similar provision for ships operating in the coastal trade. The members will notice that first of all there must be a radiotelegraph installation, that is, a Marconi installation, and that the ship must carry whatever number of operators are specified; and that those operators will keep whatever watches the minister specifies; and that while keeping such watches, they are not to do any other job. They have the sole business of being at the instrument while they are keeping these watches.

Paragraph (AA) only refers to cargo vessels under 1,600 tons and at the moment we are not interested in it. But I do hope that some similar provision can be made for vessels on the west coast. They do not come under it. If they go to Seattle, or if they go to Alaska after calling at Prince Rupert, then they

have to comply with these regulations, and they have to have an operator and he has to keep watch and do nothing while he is keeping that watch. For ships which do not go to American ports the provisions are set out in the next subsection of this section. It is not in the Bill, it is in the Act, and it reads this way:—

All passenger steamships, whether registered in Canada or not, which are not within subsection one of this section

(i) carrying or certified to carry fifty or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than two hundred nautical miles from one place to another place; or

(ii) carrying or certified to carry two hundred and fifty or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than ninety nautical miles from one place to another place; or

(iii) carrying or certified to carry five hundred or more persons, including passengers and crew, and going on any voyage which is or which includes a voyage of more than twenty nautical miles from one place to another place;

shall before leaving any place in Canada be fitted with a radiotelegraph installation complying with the provisions of Article thirty-one of the Safety Convention and shall carry such operators with such qualifications as are prescribed in the regulations issued hereunder;

Now, the members will notice that that would appear to give some protection. But on our coast the practice is that if a ship calls—even one of the larger ships carrying five hundred or more—if she calls at a whistle stop or at a logging camp over 20 miles distant, then she gets right out from under these provisions and need not have a radiotelegraph installation.

MR. ROBINSON: Are there not radiotelephones at all the places you mentioned?

MR. GREEN: Oh, no. Some of them are just logging camps.

HON. MR. CHEVRIER: Mr. Matthews put on the record yesterday, I think, a statement of radio facilities in the whole area. In fact, it is better on the coast of British Columbia than it is on many other of our shores.

MR. GREEN: Many of them are just logging camps. They may just be little camps established while the men are cutting there and then moving on.

MR. ROBINSON: Would there not be many radiotelephone installations at such spots as you mentioned?

MR. GREEN: At some there would be, but at others there would not. I do not think it can be questioned but the people on the coast think that this is too lax and that these ships carrying passengers should have a Marconi operator. The waters are dangerous there and there is a lot of fog. It is just as dangerous to go to Prince Rupert as it is to go to Ketchikan; and while a boat going to Ketchikan has to have an operator, a boat going to Prince Rupert does not. It is also dangerous going to Queen Charlotte, as was pointed out yesterday. I believe that the wish of the people on the coast is that this Act be tightened up because they are afraid that there will be some big disaster there some day because there is not a radio Marconi operator.

We have had some serious disasters on the coast. We have had ships lost on this run with several hundred people drowned. Whatever the radiotelephone may be eventually, it simply is not as safe at the present time as a Marconi operator would be. In the first place, you may not have anybody whose sole job it is to be on that telephone. It is just a second job for somebody who is

doing something else. Moreover, they cannot communicate by that radio-telephone with another ship which may be in distress or something.

MR. CARROLL: You want to make the provisions of section 36 applicable to other conditions?

MR. GREEN: We would like to have the provisions set out in the new section 406-1-A which follow the convention. We would like to have them or similar provisions applied to these coastal ships. That is the essence of my submission.

MR. CARROLL: Is there anything in the Act at the present time regarding the installation of ships' radio?

MR. GREEN: Coastal ships, at the present time, come under sub-section 2; but the spirit of it is being avoided by some of the companies. They get away from the provisions because they call every so often and that means they do not need to have these safety provisions. The press of the province I think is unanimous on the question. I have an article of March 13 of this year, an editorial from the Vancouver *Sun* approving Mr. Applewhaite's speech on this question in the House. The article ends as follows:

There should be no distinction between international coastal voyages and domestic coastal voyages. A voyage from Vancouver to the Queen Charlottes can be just as dangerous as to Ketchikan.

I do not know what the position is with regard to the Great Lakes. I shall not presume to say anything about it. But with respect to the conditions on our coast I think there should be some further provision made. There should be some amendment to this section 406-2 dealing with passenger steamships plying on the coast. My suggestion would be—I do not think this goes as far as it should, probably—but my suggestion would be that we amend section 406-2-A paragraphs 1, 2, and 3 and substitute for the words "from one place to another place" the words "from point of commencement to the farthest outward point".

That was the test used in connection with the new fire regulations. The provision is contained in regulation 3 which reads as follows:

3. These regulations apply to all passenger steamships registered in Canada employed in home trade. Inland or minor waters voyages—

(a) which are certified to carry more than twenty-five berthed passengers or more than fifty berthed and unberthed passengers; or

(b) which do not carry berthed passengers but are certified to carry more than one hundred unberthed passengers and the length of the voyage from the point of commencement to the farthest outward point exceeds fifteen miles or the distance from shore at any time exceeds five miles.

Those provisions were written into the fire regulations just a couple of months ago as a result of the *Noronic* disaster and I think that that would be a wiser way; to have the subsection in question read, instead of it being 200 miles from one place to another place, or 90 miles from one place to another place, or 20 miles from one place to another place, it would read from the point of commencement to the farthest outward point and then, exceeding the number of miles. I do suggest that some such change as that be made and I would like to move—

MR. CARROLL: Just before you make the motion might I ask the witness at the present time: would this fill a required necessity now under all the circumstances, or is it already filled?

HON. MR. CHEVRIER: Perhaps I might deal with that. We spent, I think, an hour and a half on this whole subject yesterday. We met the wishes of Mr. Green by discussing the convention first and by calling the witnesses so that he could have in his possession all the evidence necessary to deal with that matter. In dealing with this section now I hope we will not spend the same amount of time on it as we did yesterday. Mr. Caton gave this evidence yesterday: that there

was a difference of opinion as to the relative value of radiotelegraphy and radiotelephony. He said that unquestionably radiotelegraphy on international voyages was more effective but that radiotelephony on coastal voyages did the job pretty well, provided there was sufficient power, and I do not think there is any doubt about that. Then, Mr. Matthews at a later time put on the record just what the position was on the west coast. I do not want to repeat his evidence but in brief it was that there were twenty-three vessels equipped with radiotelegraph equipment of which seventeen were fitted with radiotelephones. Then, he went on to say that there were nine coastal stations operated by the Department of Transport, two radio terminal stations operated by the Northwest Telephone Company and other stations such as coastal stations at Prince Rupert, at Alert Bay, at Cape Lazo, at Esteban, at Cape St. James, all along the route that my honourable friend is speaking about.

MR. GREEN: It is not all along the route. Esteban is not on the route to Prince Rupert. It is on the west coast of Vancouver Island.

HON. MR. CHEVRIER: You are talking now about the route from Vancouver to Prince Rupert, are you not? Here are the stations on that route: Cape Lazo, Alert Bay, Triple Island, and Prince Rupert. There are four coast stations with telephone and radio facilities, and these ships, while my honourable friend might disagree with me, operate in coastal waters and not in international waters.

Now, then the main objection to amending this section, is that there is in the Department of Transport a continuing committee composed of these men and others who review amendments which should be made from time to time to the Canada Shipping Act.

These men have heard both representations for and against this matter and they have recommended to me against the inclusion of such a clause as my honourable friend would put in the section. The practice has been to amend the Canada Shipping Act every two years and if it is agreeable to the committee I have no objection to instructing the officers to review it de novo in the course of next year or the year after and, if it is the wish of the committee, next year or the year after, to see if it is not possible to come to some understanding. For the present they have told me they do not recommend the inclusion of such an amendment and I think because it is a matter of some technical nature that I should accept their views and for that reason I hope the committee will agree to the section as it is.

MR. CARROLL: I am sorry, Mr. Minister.

THE CHAIRMAN: Let Mr. Green finish.

MR. GREEN: The minister said that this Act is amended every two years. That is not quite right. This Act was last amended in 1948 and before that I think it was amended only in the 1930's. It is not a question of the Canada Shipping Act being opened up every so often. As a matter of fact, it is very difficult to get it opened up. It is one of those Acts that nobody likes to touch because it is so long and so complicated. Certainly this is the first time I have ever heard it is going to be opened up every two years. The departmental officers may have to advise one way or the other but they are not supreme; we are here, all parties, representing the people on the coast who are apt to get drowned.

HON. MR. CHEVRIER: That is quite far fetched.

MR. GREEN: We have to face that fact, though. This accident of several weeks ago on the *Chelvosin* illustrates that point.

HON. MR. CHEVRIER: That had nothing at all to do with radiotelegraphs or radiotelephone facilities, as Captain Kerr explained.

MR. GREEN: They were equipped with a radiotelephone and the radio operator was on the bridge trying to tell them they were heading for the rocks but no one was listening and they went right into the rocks.

Mr. ROBINSON: There was no evidence whatsoever that that was caused by any fault of radiotelephony.

Mr. GREEN: This is not going to cost the government one penny; the cost of using these operators falls on the steamship company and no doubt eventually falls on the passengers on the coast, and what we are asking is that we be given this safeguard. It is not a matter just to be brushed aside lightly on the ground that the officers of the department here do not think it necessary to bother about it. I believe that the Act as drawn now is being evaded by the companies because a person reading it would think it meant going on a voyage that distance and not getting around the Act by calling every few miles. We are very much concerned about this thing; it is a very serious business for us. Most of the passengers on the coast are carried from one Canadian port to another, and they are entitled to protection just as much as people being carried to Seattle or to Alaska.

Mr. CARROLL: Mr. Chairman, I just wanted to apologize to the minister for looking for information on this matter. I was not present when it was originally brought up.

Hon. Mr. CHEVRIER: In order that the committee may not think that anybody is being brushed aside lightly I would point to the fact that we gave very careful consideration to this matter yesterday and today. Mr. Green probably did not listen to what I said a moment ago to the effect that the Department of Transport gave very careful consideration to representations from both sides, and yesterday we heard from the other side, from a representative of the union, who was given every opportunity to give evidence and answer questions, and we dealt with this whole matter for one and a half to two hours and today we are dealing with it again, so it cannot be said that it is being brushed aside lightly. When we make steamship regulations that appear to be stiff we are told that we are being too stiff and now that we are going the other way we are told that we are being too lenient. I think this is one case where I would like to rely on those people who are in possession of the facts. Mr. Matthews put on record a summary of the statement of Captain Barbour, our supervisor of Masters and Mates Certificates on the west coast; he is the one who made a complete survey of the position there. Over and above that we received representations for and against the necessity of making this change and the recommendation that has been made to me, and the one I am prepared to support, is that the section should remain as it is.

Mr. PEARKES: Mr. Chairman, might I ask one question: I am not particularly worried about passengers on these big ships. I feel quite certain they are well taken care of by radiotelephony and so forth, but what I am thinking about is that these radiotelephones cannot pick up distress signals from the fishing fleet. Now, I understand that there are a number of these Department of Transport receiving stations distributed along the coast. The question I would like to ask is: are they tuned in to the same wave length or the same power of voice transmission as is used normally by the fishing fleet, particularly the smaller vessels of the fishing fleet. I think reference was made to 1630 kilowatts. Do the fishermen not usually operate on a different frequency than that? If these stations distributed along the coast are capable of picking up the fishermen's distress signals I think that removes certain objections.

The CHAIRMAN: Perhaps Mr. Caton could answer that.

Mr. CATON: Mr. Chairman, and gentlemen, the situation with respect to radiotelephony is this, that all ships, that is fishing vessels and other ships licensed to be equipped with radiotelephony equipment are required to be fitted for operation on 1630 kilocycles. Now, these ships are not compulsorily fitted, there is no compulsion that they keep watches on those frequencies,

however. Our coast stations at the points specified do keep continuous watch on 1630 kilocycles. They cover fully that inland waterway as far as radio telephony is concerned, from Prince Rupert to the Queen Charlotte Islands and down to Vancouver.

Mr. PEARKES: Might I ask just one more question? You say those ships are licensed to carry radiotelephony. Are not the majority of ships, the fishing vessels, the smaller fishing vessels, operating on a different frequency, perhaps not even licensed—I do not know. I have been on smaller fishing vessels and I would not like to state the frequency which they work on because my memory may be wrong, but I am given the impression that the smaller fishing vessels operate on a different frequency. I was going to say 820, but that might be quite a wrong figure; but it is only the larger vessels, the packers, which have the 1630 frequency.

Mr. CATON: What I perhaps did not make clear was that all radio equipment must, of course, be licensed and we make it a condition of the licence that they be fitted with 1630 kilocycles for transmission and reception. Now, they have other frequencies, they have other frequencies for operating to the commercial telephone circuits of the Northwest Telephone Company who have powerful stations at Vancouver and Prince Rupert and they have also an inter-ship frequency for working among themselves. There is no compulsion that they shall watch 1630 or otherwise. They may use other frequencies.

Mr. JONES: What would be the effective range of those radiotelephones, fifty miles?

Mr. CATON: Well, sir, the International Safety of Life at Sea Convention prescribes a power of fifteen watts as being capable of one hundred and fifty miles. Most of the ships are very close to that order of power; some may be slightly less in power, especially the fishing vessels. I would say fifty miles average.

Mr. JONES: The point I was going to suggest is this: if fifty miles is the average effective range and there are only four stations between Vancouver and Prince Edward Island, that would be an average of 120 miles between them, so an effective range of fifty miles would result in a blank space where there is no safeguard for ships in that blank area. That is what I was trying to get at.

Mr. CATON: I was thinking more of the very small ship.

Mr. JONES: I am referring to the smaller ships.

Mr. CATON: Most other ships probably have larger power and our survey definitely shows that ships are capable of communicating in that area. There are some places up long inlets from which they have trouble in communication, but the sets operating on coastal waters have no difficulty in exchanging communications.

The CHAIRMAN: Gentlemen, we have had a very full discussion on this question today and yesterday. I take it that Mr. Green wants to move an amendment.

Mr. GREEN: Yes. I would like to move one.

The CHAIRMAN: And have a vote on it and decide it.

Mr. HIGGINS: Mr. Chairman, going to the other side of the country I want to ask about the C.N.R.-Newfoundland service. As I understand it the radio operator down there on the ships operating between North Sydney and Port au Basque also acts as purser of the vessel. Under this particular section he is not permitted to engage in any other duties which in any way interfere with his keeping watch. I was just wondering what his other duties are at the present time in addition to those of radio operator. Could you tell me that?

Mr. CATON: I could not tell you that for certain, sir. There are no duties written down with respect to what radio operators shall do while not watching. He can do anything else as long as he keeps his equipment running, but he is supposed to be on the job.

Mr. HIGGINS: I know that many of them find it very difficult to give proper attention to their duties as radio operators when as pursers they have to check cargo out and get it ready for unloading. I should think it would be enough for them to operate the radio alone and that is why I am bringing this up.

The CHAIRMAN: What is the amendment? Could we have the wording of the amendment?

Mr. GREEN: That in section 406, 2(a), for paragraphs (i), (ii) and (iii) substitute the words "from the point of commencement to the farthest outward point" for the words "from one place to another place". The effect of that would be that ships going on a voyage of 200 nautical miles in the case of the smaller number of passengers and 90 miles in the case of the medium size ship, or 20 miles in the case of the larger ship would have to have a radio-telegraphy installation. There are just two paragraphs from the Vancouver Sun editorial which sum it up:

The government should consider that ships carrying at least 50 persons including crew should be so protected. And it should also be remembered that the carrying of a full-time radio operator is not merely for the safety of the ship in question but to enable her to co-operate in rescuing other ships.

Maintenance of a full-time watch is also important. The operator should have no other duties that will interfere with his watch.

There should be no distinction between international coastal voyages and domestic coastal voyages. A voyage from Vancouver to the Queen Charlottes can be just as dangerous as to Ketchikan.

The CHAIRMAN: Gentlemen, you have heard the amendment by Mr. Green that in section 406, 2 (a), paragraphs (i), (ii) and (iii) be changed by inserting the words "from the point of commencement to the farthest outward point" to take the place of the words "from one place to another place".

All in favour?

Mr. HERRIDGE: Just before you put the amendment, Mr. Chairman: I am not going to deal with the question because Mr. Green has handled it very well indeed, but I do want to say from my own personal knowledge that the amendment represents public opinion on the coast and represents the opinion of a majority of the people who travel on these ships. I think that is a correct statement. I would say that the evidence given to the committee yesterday by the representatives of the radio operators dealt with this matter fully and referred to the wrecks of one or two ships showing the necessity for an amendment for this kind.

The CHAIRMAN: All in favour of Mr. Green's amendment?

Opposed?

I declare the motion lost.

Section 36. Shall the section carry?

Carried.

The CHAIRMAN: Section 37.

Mr. GREEN: Could we have an explanation about that there at the top of the next page, the new subsection (b)?

Mr. MATTHEWS: There is nothing new there, Mr. Chairman.

Shall section 37 carry?

Carried.

Mr. GREEN: No, what is meant by this: "the Governor in Council may exempt from the obligations imposed by paragraph (a) of this subsection any ship or class of ships if he is of the opinion that having regard to the nature of the voyage in which the ship is engaged or other circumstances of the case the provision of a radio installation or the operation thereof is unnecessary or unreasonable".

The words "or the operation thereof" are new. Why are they in there?

Hon. Mr. CHEVRIER: There was no provision for a radio installation before under the old convention and there is now.

Mr. CATON: Mr. Chairman, that phrase was inserted for use in connection with a new certificate for a radiotelephone operation and exemption; the certificate is also applicable to radiotelegraph operation. The clause provides that in case a ship is fitted with radio, which will include direction finding, radar or other forms of navigational devices in addition to an actual radio transmitting and receiving set there would be circumstances where she would not carry an operator or radio transmitting equipment but nevertheless she would be compelled to carry radar and direction finding equipment.

Mr. GREEN: Who would operate it in that case? This apparently gives exemption to a ship from the operation of the equipment although it requires that the equipment be in the ship. Is that what this means?

Mr. CATON: These are navigational devices and as such, modern navigational radar and directional devices, they are operated by the officers of the ship, and are usually on the bridge.

Mr. HIGGINS: It doesn't require actual telegraphic equipment.

Mr. CATON: No, in the old days they had it in the radio cabin, a rather more complicated set-up than what they have at the present time.

The CHAIRMAN: Shall section 37 carry?

Carried.

Section 38. Shall the section carry?

Mr. GREEN: Could we have an explanation of section 38?

Mr. MATTHEWS: That is in the convention.

Carried.

The CHAIRMAN: Section 39? Shall the section carry?

Carried.

Section 40? Shall the section carry?

Mr. HERRIDGE: Referring to 411 in that section (40) does that prevent anybody from carrying radio on a private yacht?

Mr. MATTHEWS: A person can have a radio in a private yacht as well as in the house.

Mr. HERRIDGE: You mean an ordinary radio licence?

Mr. MATTHEWS: Yes, an ordinary receiving station licence.

Carried.

The CHAIRMAN: Section 41. Shall the section carry?

Carried.

Section 42. Shall the section carry?

Carried.

Section 43. Shall the section carry?

Carried.

Section 44. Shall the section carry?

Carried.

Section 45. Shall the section carry?

Mr. GREEN: Could we have an explanation of the new section there?

Mr. MATTHEWS: The changes have just been made in the language, that is all.

Mr. GREEN: And that only applies to cargo vessels?

Mr. MATTHEWS: Yes, other than passenger ships, to give a safety radiotelephony certificate. A cargo ship is entitled to get a certificate if it carries a radiotelegraph installation, and now if it carries radiotelephony we give a radiotelephony certificate. That is the only difference there.

Mr. GREEN: The new subsection (3) of this section apparently has nothing to do, it only applies to all domestic?

Mr. MATTHEWS: That is right, that is the radio inspection certificate referred to in Section 416.

Mr. GREEN: Is that a new provision; has that been in the Act before?

Mr. MATTHEWS: That provides for a new kind of certificate, for a radio inspection certificate.

The CHAIRMAN: Section 45. Shall the section carry?

Carried.

Section 46. Shall the section carry?

Carried.

Section 47. Shall the section carry?

Carried.

Section 48. Shall the section carry?

Carried.

Section 49. Shall the section carry?

Carried.

Section 50. Shall the section carry?

Mr. GREEN: Could we have an explanation of section 50?

Mr. MATTHEWS: That amendment relates to scows and barges, which do not carry passengers or crew and relates to the application of the load line provisions of the Act. The load line provisions have to do with loading, and that applies apparently to the tow and relieves such vessels of having a load line requirement as there is no safety of life involved in craft of that kind.

Mr. GREEN: That is a new provision?

Mr. MATTHEWS: Yes.

Carried.

The CHAIRMAN: Section 51. Shall the section carry?

Mr. GREEN: The explanatory note on the opposite page to page 27 says:—

(3) New. The amendment requires proper entries of boat drills and fire drills to be entered in the official log-book, or in the case of inland waters ships where no official log-book is kept, in the agreement with the crew.

That is an entirely new provision?

Mr. MATTHEWS: I think that is a new provision because that is the only place in which it could be entered on ships where no official log-book is kept.

Mr. GREEN: Where would we find the provisions for the agreement with the crew set out in the main Act?

Mr. MATTHEWS: Section 165 provides for the agreement with the crew. That is the section which provides for that particularly.

Carried.

The CHAIRMAN: Section 52. Shall the section carry?

Carried.

Section 53. Shall the section carry?

Carried.

Section 54. Shall the section carry?

Mr. GREEN: On section 54, there is a change in the wording there. This changes the practice for answering distress signals, and there are quite a few changes in that section. I wonder if we could get an explanation of these changes.

Mr. MATTHEWS: The old section is given in the explanatory notes. The only changes are that if a master receives a distress signal then he has to proceed to the assistance of the vessel in distress but if he is informed by the master of any other ship that he has reached the vessel in distress and that assistance is no longer necessary, or if he is informed by the master of the ship in distress that assistance is not required, then he does not have to go. That is put in there I think for the reason that sometimes messages are all cluttered up in the air and that was to keep the air clear. The amendment is in keeping with the new convention.

Carried.

Mr. GREEN: No, on subsection (3).

The CHAIRMAN: Is that in section 54?

Mr. GREEN: Yes. That now provides that the master of a ship does not have to go to the assistance of another ship when he learns that one or more ships have been sent or are in the position and are complying with the request. Is that not a departure from the present provision? In other words when the vessel gets word of another vessel being in distress there is an obligation to go to the rescue right away. As I read it this exempts them from doing so if they learn that another ship is going to proceed? That may or may not be all right, but it does seem to cut down the safety provisions and if that is the case I would like to know why the change is made?

The CHAIRMAN: Is there any change?

Mr. MATTHEWS: There is that change. Apparently that agreement was reached at the international conference of experts in navigation and radio—when a ship is released from the obligation, and it learns that it is no longer required, it does not have to go to the rescue.

Mr. GREEN: It is not released just because it learns some other ship is going?

Mr. CARROLL: That is just good safe seamanship?

The CHAIRMAN: Shall the section carry?

Carried.

Section 55. Shall the section carry?

Carried.

Section 56. Shall the section carry?

Carried.

Section 57. Shall the section carry?

Carried.

Section 58. Shall the section carry?

Carried.

Section 59. Shall the section carry?

Carried.

Section 60. Shall the section carry?

Carried.

Section 61. Shall the section carry?

Carried.

Section 62. Shall the section carry?

Carried.

Section 63. Shall the section carry?

Carried.

Shall the schedule carry?

Carried.

Mr. ROBINSON: Why should the schedule carry?

Hon. Mr. CHEVRIER: It is the agreement—containing some twenty odd articles.

Mr. ROBINSON: It is not yet actually part of this Act?

Hon. Mr. CHEVRIER: No, but it becomes part of the Act when it is approved by the House.

The CHAIRMAN: Mr. Wilkinson wishes to be heard in connection with a certain matter.

Mr. WILKINSON: I have reference to the definition of "passenger" as contained in subsection 62 at the bottom of page 2.

(62) "Passenger" means any person carried on a ship but does not include (a) a person carried on a Safety Convention ship who is

- (i) the master or member of the crew or a person employed or engaged in any capacity on board the ship on the business of that ship; or
- (ii) a child under one year of age;

Subsection (b) covers the ships with which we are concerned but does not carry the same definition. There a passenger is:

A person carried on a ship that is not a Safety Convention ship who is:

- (i) the master or a member of the crew;
- (ii) the owner or charterer of the ship, a member of his family or a servant connected with his household; or
- (iii) a guest of the owner or charterer of the ship if it is used exclusively for passengers and the guest is carried on the ship without remuneration or any object of profit;
- (iv) a child under one year of age.

Subsection (c) refers to persons carried on a ship in pursuance of distress of shipwreck.

What we have in mind is that in many cases, and in most cases, on the Great Lakes these vessels are owned by corporations and the definition is not sufficient to cover us—the owner or charterer of a ship, a member of his family, or a servant connected with his household—I do not know what that means. It should permit surveyors, steamship inspectors, compass adjusters, operating managers and so on of steamship companies to go on board ship. The definition of the amending Act and in the old Act, is not broad enough to permit those people to go on any ship and I would suggest that the definition as carried in clause (a) be carried down into clause (b). In other words it would include a person employed or engaged in any capacity on board ship in the business of that ship.

There is no reason in the world why a person in that capacity should not be allowed to travel on a ship not a Safety Convention ship.

Hon. Mr. CHEVRIER: I would like to hear what counsel has to say on that?

Mr. MATTHEWS: I do not think the department would have any objection to that suggested change being made, if the committee wishes to accept it.

Agreed.

The CHAIRMAN: Do you wish to revert to that section?

Mr. MATTHEWS: The amendment can be added to subparagraph (i). I think we can work that out.

Mr. ROONEY: I would be pleased to make a motion.

The CHAIRMAN: It is moved by Mr. Rooney that provision be made in the form of an amendment.

Carried.

Shall Section 1 as amended carry?

Carried.

Shall the preamble carry?

Carried.

Shall the title carry?

Carried.

Shall I report the bill as amended?

Carried.

Thank you, gentlemen, that concludes our work.

The committee adjourned.

